



NATION'S BUSINESS

MARCH • 1934

**Paradoxes of
The New Deal**

Professor T. N. Carver



Arthur E. Morgan

Discusses T. V. A.

Herbert Corey



The Business Map

Willard Kiplinger

25 New Products



Published by the
United States Chamber
of Commerce

BELL SYSTEM TELETYPEWRITER SERVICE

TEXTILES



FOOD



SURGICAL



METALS



MAIL ORDER



IN MANY LINES OF BUSINESS

EVERY day in the year, Teletypewriter Service is helping to improve management methods for companies in many lines of business.

TEXTILES—Bliss Fabyan & Company says: "It might have been designed especially for the textile industry, it meets our particular problems so exactly."

FOOD—The Quaker Oats Company says: "It plays a very important part in our business."

SURGICAL—Bauer & Black says: "It helps increase the efficiency of every department . . . cuts costs in many ways . . . and lets us give our customers quicker service."

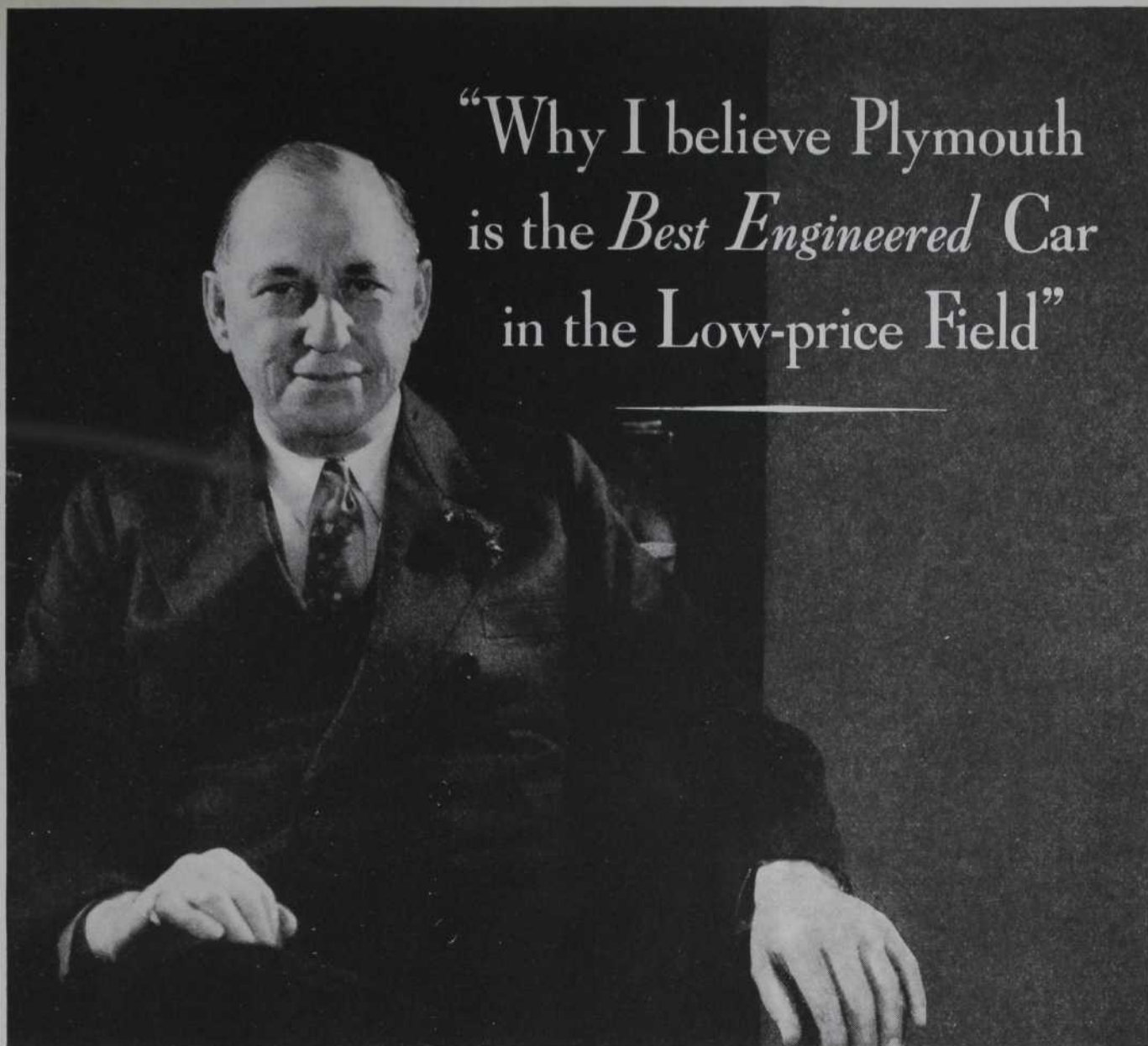
METALS—The American Brass Company says: "Teletypewriters make it possible for us to broadcast important messages to all our offices in the shortest possible time, and to get instant acknowledgment of their receipt."

MAIL ORDER—Montgomery Ward & Company says: "We save a large part of previous communication costs."

Concerns in other lines of business have similar praise for this service. It will pay you to investigate it fully. A call to the Business Office of your local Bell Company will bring a representative to show how Teletypewriter Service might help you.



"Why I believe Plymouth is the *Best Engineered* Car in the Low-price Field"



by *WALTER P. CHRYSLER*

"OUR BUSINESS has been very good. At this time, I believe people will be interested in knowing why! To put it quite simply—our engineers have built into Plymouth cars the *things people want*.

"Our engineers have done two big things to make automobiles safer. They have perfected Hydraulic Brakes and pioneered the use of Safety-Steel Bodies.

"Another thing they've achieved—and perhaps the biggest—is patented Floating Power . . . which does away with vibration. This year, in addition, every Plymouth—even the lowest-priced model—has individual wheel springing.

"These two features together give you a more comfortable ride than ever before.

"I credit our present position in the Industry to these engineering achievements. I sincerely believe Plymouth is

the best engineered car in the low-price field—because Plymouth is the only car in its price class that has all of them."

• • •

WHAT WALTER P. CHRYSLER has stated here should interest every person who is thinking about a new car.

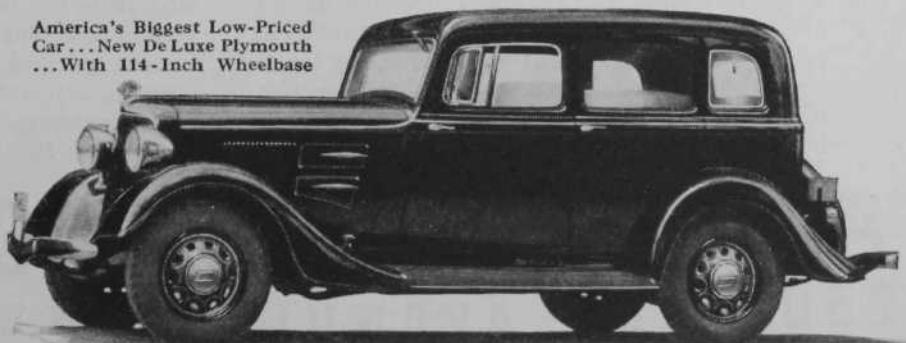
Floating Power engine mountings give a smoothness you could never get by merely mounting the engine in rubber. While individual wheel springing ends nose bounce and back seat bucking.

Safety-steel bodies are *actually all steel*—built on the strongest Rigid-X double-drop frames. They stand far more punishment than bodies not of this "steel reinforced by steel" construction.

Hydraulic brakes are always equalized—the braking action is the same on all four wheels. They are much costlier than the ordinary mechanical type of brake.

Isn't it just good common sense to ride in a Plymouth with these four *extra* points of value before you buy any car?

America's Biggest Low-Priced Car . . . New De Luxe Plymouth
... With 114-Inch Wheelbase





CURTAIN!

YOU are about to see one of the most dramatic advances in the technique of merchandising any of us has witnessed in the past decade. It will occur in the field of packaging.

The package changes of the past few years—opening new markets, revitalizing old products, sweeping new products to prominence—were only the briefest prologue. Now the curtain rises on the play itself.

Much has been learned about package design. Much has been learned about the consumer. The package of the future will win sales not by lavish embellishment (which is costly) but by sheer effectiveness (which can be cheap). It will win sales by being designed for the consumer, rather than

the manufacturer. It will be a highly competitive sales weapon, rather than a production detail.

Have you judged your package by tomorrow's standards—convenience to the consumer, suitability to the product, merchandising power, design? Are you familiar with the packaging opportunities in your field? No group is better qualified to analyze your present package, or to point out opportunity, than the company whose leadership has brought about much that is happening now. One word from you will bring Canco knowledge and experience and vision to you without obligation or cost. Your package may need no change. It may already be equipped for the future. But that, too, is worth finding out.

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How You Can Buy Yourself A STEADY INCOME OF \$200 A MONTH

HOW WOULD YOU like to be able to quit work some day and travel, play golf and do only the things you *want* to do? How would you like, when you are 55, or 60, or 65, to have a check for \$200 arrive *every month* for the rest of your life?

There is a plan which makes it possible. It is called the Phoenix Mutual Retirement Income Plan. It gives you a *guaranteed* income that makes you independent in

the years to come. The interesting booklet offered at the bottom of this page explains how the Plan works.

You can pay for this income in a lump sum, or you can start buying it now on the installment plan, in the same way you would buy yourself a house or an automobile.

Your Retirement Income may be any amount you wish—\$100 a month, \$200 a month, \$300 a month or more. It can begin at any age you say—55, 60, or 65.

INVEST NO MONEY until you have seen this New Plan

Suppose, for example, you are 40 years old and you decide you want an income of \$200 a month starting as soon as you are 55. Here is what the Retirement Income Plan provides for you:

1. A check for \$200 when you reach 55 and a check for \$200 every month thereafter as long as you live.

This important benefit is available alone; but if desired, your Plan may be made to provide in addition:

2. A life income for your wife in case of your death before age 55.
3. A monthly income for yourself if, before age 55, serious illness or accident stops your earning power for good.

See the advantages this Retirement Income Plan offers over ordinary methods of saving or investment. You don't have to worry about how long you live, or how fast you dare spend your money.

RETIREMENT INCOME PLAN

Here is what \$200 a month Retirement Income, payable at age 55, will do for you:

It guarantees when you are 55

An income of \$200 a month for life. This income cannot stop until at least \$20,000 has been paid, and it may even reach \$25,000, \$30,000 or more, depending only upon how long you live.

It guarantees upon death from accidental means before age 55

A Cash Payment to your beneficiary of \$40,000. Or a monthly income for life.

It guarantees upon death from any other cause before age 55

A Cash Payment to your beneficiary of \$20,000. Or a monthly income for life.

It guarantees in the event of permanent total disability before age 55

A Monthly Income for you. And your installments will be paid for you by the Company.

Plans for retirement at ages other than 55 are available. Also special plans for women.

Your income will last as long as you do, even if you live to be 100. Your wife is also amply provided for. Even permanent disability can't stop your investment Plan from going right on just as

you had planned, for the company would pay your installments for you. And all these benefits are guaranteed by the Phoenix Mutual Life Insurance Company, an 83-year-old company with over half a billion dollars of insurance in force.

You don't have to be rich

How much do you have to put in? . . . We'll be glad to tell you the exact amount as soon as we know your present age, how much income you want, and how soon you want to retire.

Send for Free Plan Book

Write your date of birth in the coupon below and mail today. You will receive without cost or obligation a copy of an illustrated booklet that tells all about the Phoenix Mutual Retirement Income Plan. The coupon is for your convenience.

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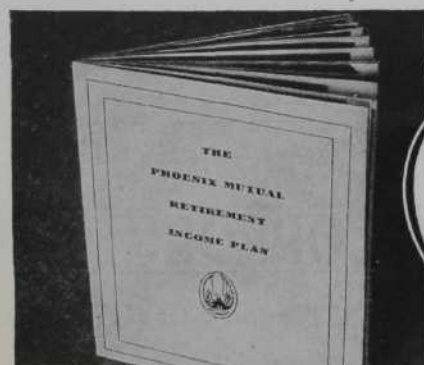
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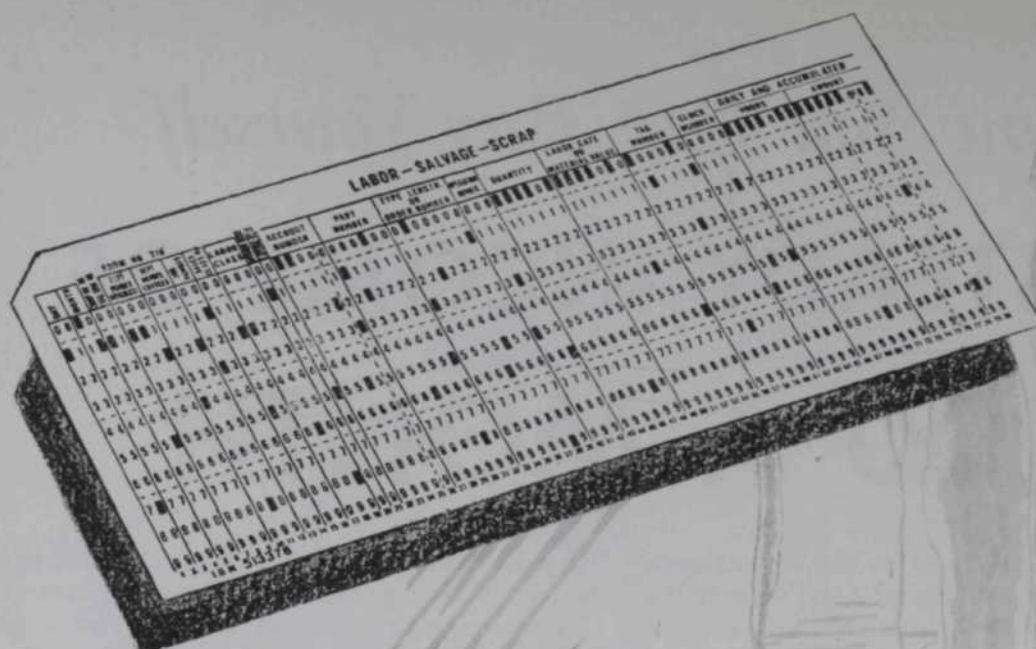
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Through the EDITOR'S SPECS

Change one—change all

IF THERE is one editorial plank upon which this magazine has stood in and out of season through the years it is an appreciation of the interdependence of business. We have said that on every occasion. It is necessary to keep this in mind in discussing the many, many panaceas and reforms that are put forward, often honestly, to correct or change a situation in one industry or one section.

Consider the reaction to the announcement of the proposed charges for bank service. Check engravers were immediately concerned and said they would be hard hit should the public turn to cash for the payment of bills. Operators of armored cars saw an upturn in their line because currency would be used more. Police anticipated more holdups with purses heavier to meet current obligations. Makers of business machines felt that application of the co-called "metered service plan" would expand the market for bookkeeping appliances and operators. Milk, gas, and electric companies were wondering whether payments would be so prompt if customers foreswore checks to pay in money.

The susceptibility of all business to change is a commonplace. That this maxim means that no business is changed without changing other businesses is a corollary of equally comprehensive importance. It is as well to keep this in mind as it is difficult.

Cultural background

THE most difficult thing in times of stress is to keep one's perspective. As economic conditions grow harder, perspective decreases in geometric ratio. It seems as if the entire country has brought itself to think only of the past four-year period.

This line of thought was prompted by a chapter in Beverly Bond's "Civilization of the Old Northwest," in which he describes the social and cultural foundation of the territory which later became the great

NATION'S BUSINESS

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NO NEED FOR EPIDEMICS



states of Ohio, Indiana, Illinois, Michigan and Wisconsin. How were minds fed in those earlier days? A glance at the curriculum of Ohio University in 1808, shows "Latin and Greek, natural and moral philosophy, logic, geography, rhetoric, history, mathematics, navigation, surveying, arithmetic, and English grammar."

If the mental furniture seems too polished for the unfinished environment of that day, it is to be noted that the funds from the university lands were more than adequate to pay faculty salaries and tuition was free. Students paid \$2 a quarter for firewood and \$1.50 a week for board. No rent was charged for dormitory rooms.

The anxiety which we all have as to the possible breakdown of our educational facilities today is tempered by the thought that learning, after all, is the most easily developed of our natural resources.

Cicero on the depression

AGAIN, we express humbly the thought that we get nowhere by pointing the finger of blame as to who is responsible for the depression. Politicians are quick to tell us that business is responsible, that it has failed in not keeping men at work and in producing too much of this, that and the other thing. But business might very well say, if it had time to take a belligerent attitude, that the politicians were in charge of the finances of the 2,000 cities that are now in default. Slowly and painfully the lesson comes home, that individuals, that corporations, that public bodies, all need to reread, and read again, the Ciceronian paradox, "Men do not realize how great a revenue thrift is."

Change brought by taxes

THE power to tax is the power to destroy. As taxation increases, this abstract phrase becomes alive.

How thoroughly taxation can revise the pattern of business on a state-wide scale is revealed in an announcement of the Standard Oil Company of Indiana. The increase of the state's chain store tax from \$25 to \$150 a unit, the company says, leaves it no other course than retirement from 800 service stations. The stations were leased from individual owners and operated by company agents.

"We regret," said Allan Jackson, vice president in charge of sales, "that practically a complete reorganization of the marketing of gasoline in Indiana is forced by the chain store tax, but there is no other way for the principal suppliers to escape confiscation of all the returns on their marketing, and more."

It is not to pass upon the logic of the Indiana tax, nor is it a question that it has popular sanction; we only point out that the consequences of taxation are not confined to the corporations which bear the immediate incidence. A source of state revenue dries up, employment suffers a dislocation, individual economic relationships are subjected to strain, and the business seismograph records a fresh shock.

Romance on desk tops

ASK any man what the name "Cook" means to him, and more than likely, he will answer "travel." How broadly the firm of Thos. Cook and Son sees its own business is suggested in its slogan, "we sell unusual

In every manufacturing plant, good work depends upon good health. Don't let disease—even the minor forms—cripple your working force and hold up production.

Thousands of plant managers, impressed with the necessity for uninterrupted operation, have helped solve the personal health and hygiene problem by installing A. P. W. Onliwon Washroom Service. Onliwon Towels are large, highly absorbent, soft and sanitary. Served double-folded from hygienic Onliwon

Cabinets, they are protected from waste and the ever-present danger of infections from promiscuous handling. One Onliwon Towel does the work of several ordinary towels.

Keep your force on the job and off the sick list. Install A. P. W. Onliwon Towels and its equally economical companion service—A. P. W. Onliwon Toilet Tissue. A postcard or wire will bring you the complete Onliwon Washroom Service—at a cost that means real savings.

A.P.W.



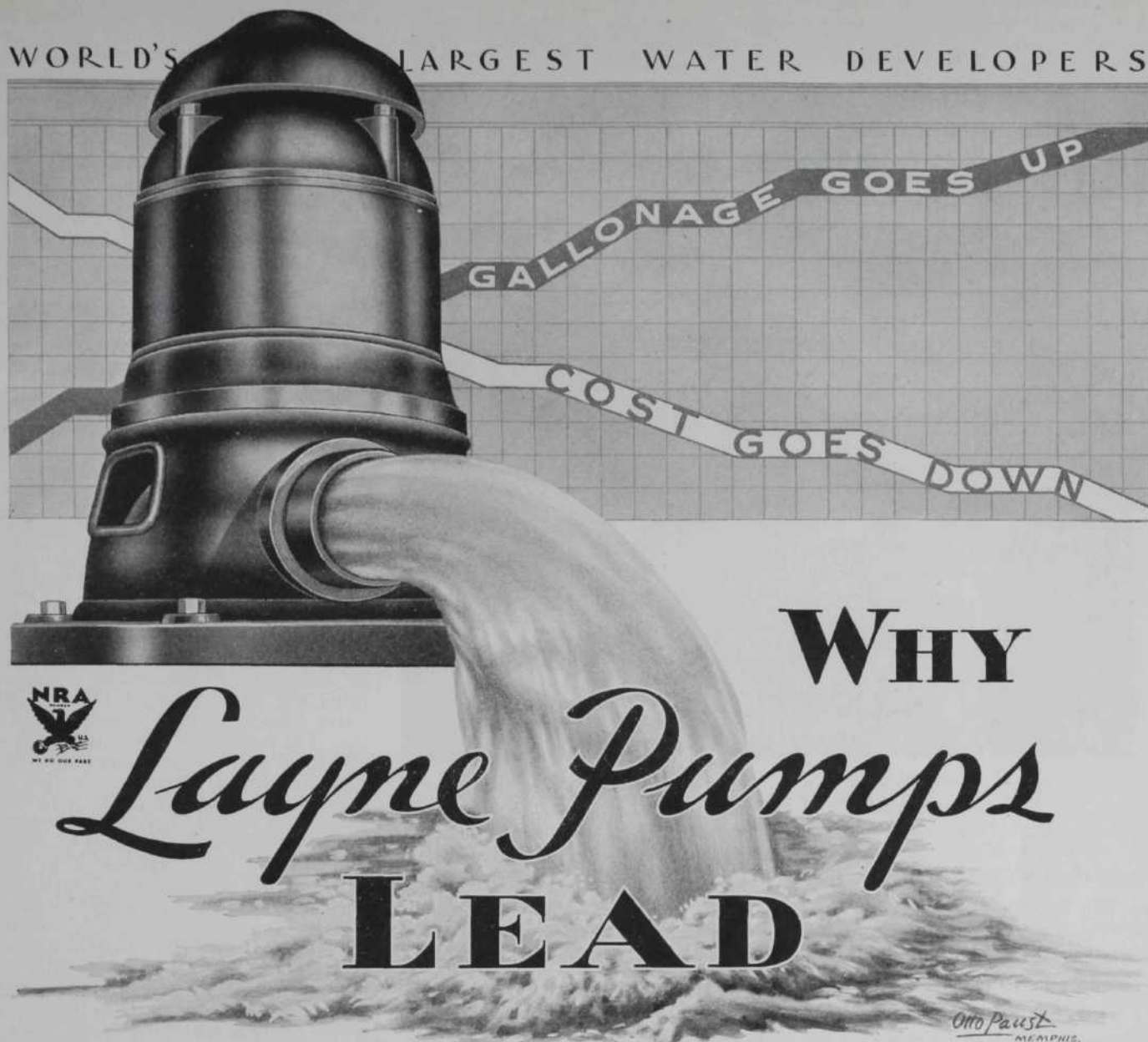
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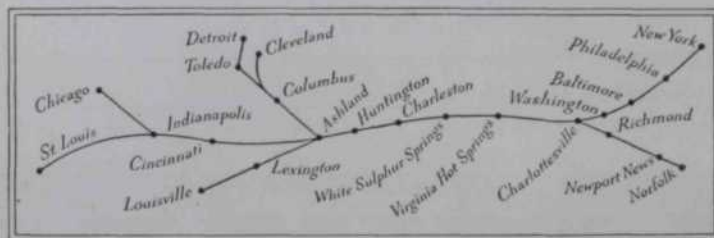
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CHESAPEAKE and OHIO

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things." Islands, for example. "Islands of sunshine and color, of glamor and escape . . . hundreds of them . . . stretching from Bermuda down through all the West Indies to the Coast of South America. We give you them on cruises short and long by great transatlantic liners . . . by airplane if you like . . . we are experts on islands . . . we'll find you a palm shaded paradise, that will make you happy for a long time!"

Of course, it is always the other fellow's business which fascinates. Our own is apt to be dull and prosy. But this is all an illusion, as a great London merchant discovered years ago. "The place of adventure," he said, "is not a spot on the map, but the spot where a man of imagination happens to find himself." As a matter of fact, a desk top has been known to whisk a group of business men into all sorts of lively experiences in complete defiance of the laws of gravity. Legend to the contrary, there was nothing monopolistic about the magic carpet. Every man's fancy is free to roam the skies, as the daily altitude and distance flights of American imagination reveal.

Ice has no complaint

IF ever a Bureau of Missing Industries is established to look into the fate of vanished businesses, no alarm will be sent out for the ice men. Their whereabouts are becoming better and better known, thanks to their robust resourcefulness in meeting competition. The promotional work done by the City Ice & Fuel Company, operating in 26 states and Canada exemplifies alertness.

Sales of ice refrigerators and ice-using appliances, the company reports, increased 48 per cent in 1933 over the figures for 1932. The quota for the current year is 50 per cent above last year's objective. The gain in sales, according to officers, is explainable in large part by consumer response to new ice refrigerators, though this acceptance was strengthened by the rising market for beer dispensing equipment and air conditioning installations. New developments are promised in ice-using appliances and air conditioning apparatus, a wholesome assurance that success does not signify complacency.

Even those who press ardently toward collectivism will hardly cavil at the sort of "rugged individualism" which so widely justifies its existence through the public approval of its products.

There goes an ideal

HOW many "drummers" it takes to keep the products of industry in circulation no one seems to know. The national Council of Traveling Salesmen puts the figure at 200,000. Whatever the number, the exception of "outside salesmen" from the wage and hour provisions of the NRA codes is a situation which has interested Samuel Untermyer, famed member of the New York bar. Addressing a meeting of commercial missionaries, he said, "You have not been overlooked. You have been deliberately, unjustly discriminated against."

An official explanation is contributed by Arthur D. Whiteside, deputy administrator of the NRA. The exclusion from the maximum hour and minimum wage provisions is "primarily because it is impossible to exercise supervision or control over them." Outside salesmen, he added, were really "independent entrepreneurs, and in many

cases were already receiving more than the standard minimum wage."

Another view is phrased by John Whittemore, of the Eastern Commercial Traveler's Accident Association, "Instead of paying the traveling man a salary, or even expenses and a trifling drawing account, a good many big companies are simply allowing him to put up his money and go out and try to sell their stuff."

That's too bad. The picturesque optimism of the old-time bagman was a national asset of sorts, even though Mr. Whittemore characterizes the popular idea of him as "pure fudge."

Fabulous creature though he may have been, there was a time when "he was studied with cigars in about the same quantity as a Barnum & Bailey's Cossack's cartridge layout." And "he ate heartily, tipped generously, and always had a merry quip for waitresses at the Palace Hotel."

If we are to have more government in the business of recovery, some way should be found to conserve the aura of well being once so glowingly radiated by the migratory ambassadors of style and change.

Elizabeth's credit

WHERE public extravagance is expected, it is political suicide to be thrifty, says the cynic. True enough, the line between prudent spending and profligacy may at times become so shadowy that folly and frugality can dress virtue equally well. The way of Queen Elizabeth may provide a text for the political philosophies of a later day. When that shrewd Tudor came to the throne, the government was out of pocket and taxes were soaring. What she did is told by Milton Waldman in "England's Elizabeth" (Houghton Mifflin Company).

A spendthrift age gaped as economy swept into the most privileged corners. Somnolent officials in court and country suddenly found themselves without jobs, tax collectors were peremptorily summoned to make good discrepancies in their accounts, the Spanish ally was informed that henceforth he must get along as best he could without English subsidies.

Soon English currency, whose value had been going down for nearly three-quarters of a century, was shrewdly restored to its face value with an actual profit to the Exchequer, and in a short time it was selling at a premium.

The result was that in the first six months of her reign Elizabeth achieved a reduction of 60 per cent in expenditure compared with the last six months of Mary's. Funds were then remitted to Sir Thomas Gresham, whom Elizabeth had sent to Antwerp on the fifth day of her reign, to pay off a large part of Mary's debts as promised at her accession; and within 18 months that celebrated financier was joyfully writing home that his Queen's credit was above that of all other princes.

Sovereigns, as their people usually discover, do not always hold a winning hand. Fortunately for the good of the realm, Queen Elizabeth knew that cash and credit were the most powerful cards for keeping her country in the game. And her astuteness made one queen good against several kings.

M.T.

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And RIGHT means RAYBESTOS.
(That's why the majority of all new cars are RAYBESTOS-MANHATTAN equipped.)

RAYBESTOS' leadership is maintained by "Selling the SELLER!"
RAYBESTOS brake lining is the finest product of its kind in the world. (Proof: Preferred by car makers, service men and car owners.) Obviously the sales and merchandising effort behind RAYBESTOS was as efficient as it was possible for any one to have. Yet with such leadership in product, promotion and results, there was

still one "missing human link"—"one forgotten man"—"the point-of-sale salesman": The garage service man.

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What television may provide in years to come, CASTLE FILMS give you Now! Action! Music! Drama! Talk! On one screen or thousands of screens—to dealers in every town in the nation!

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You get sure traction and the flat, wide road contact that means longer tire life.

You get maximum safety for load, truck and driver—and greatest protection against blow-out.

You get a bead that stands up under swaying loads. You get a carcass to with-

stand the internal heat of long, fast runs.

You get all these money-saving features in this latest Goodyear Truck Tire for no more than ordinary tires would cost you.

And no other tire can give you all these features.

See or phone the Goodyear dealer near you. Get the proof and the profit. It is because of values like this that—more tons are hauled on Goodyear truck tires than on any other kind.

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NATION'S BUSINESS



A MAGAZINE FOR BUSINESS MEN

Ideas Must Be Free

✓ WE GREET you this month with a cover drawing which is an eloquent sign of the bold hospitality to change that is inherent in American nature. Here is revealed an entirely new approach to design in automobiles, motor boats, airplanes, locomotives and even passenger cars. An idea was born in a fertile brain, then resourceful men risked their reputations—and the savings of those who believe in them—to develop the idea and hazard its acceptance on the part of the public.

The implications of this constant and continuous revision of ways of living and of doing are as comprehensive as the changes contrived by political leaders in the name of recovery. We hear everywhere that the country is in the midst of a social revolution. Anyone who knows the industrial history of the United States is apt to qualify that statement. New proposals may modify practices, yet the traditional system of sustaining and promoting the national interest through the creation and development of industrial ideas will persevere. Literally, contributions of American inventive genius and promotional skill have profoundly affected civilization. Likewise literally, such development has been greatly accelerated by the incentive of profit, a motive now frowned upon by some evangelists of the redistribution of wealth and income.

From 1793, when Whitney brought out his cotton gin, American initiative has been remaking the world. The first crude steamboat set a new fashion in marine transportation, improved again with the screw propeller. The telegraph, the telephone, the radio gave new meaning to time and distance. Who can appraise or delimit the widening of mental horizons through the availability of the reaper and the mower, the sewing machine, the electric light, the automobile? Who will presume to evaluate the vulcanization of rubber, the typewriter, the discovery of ether, the air brake, the phonograph, the

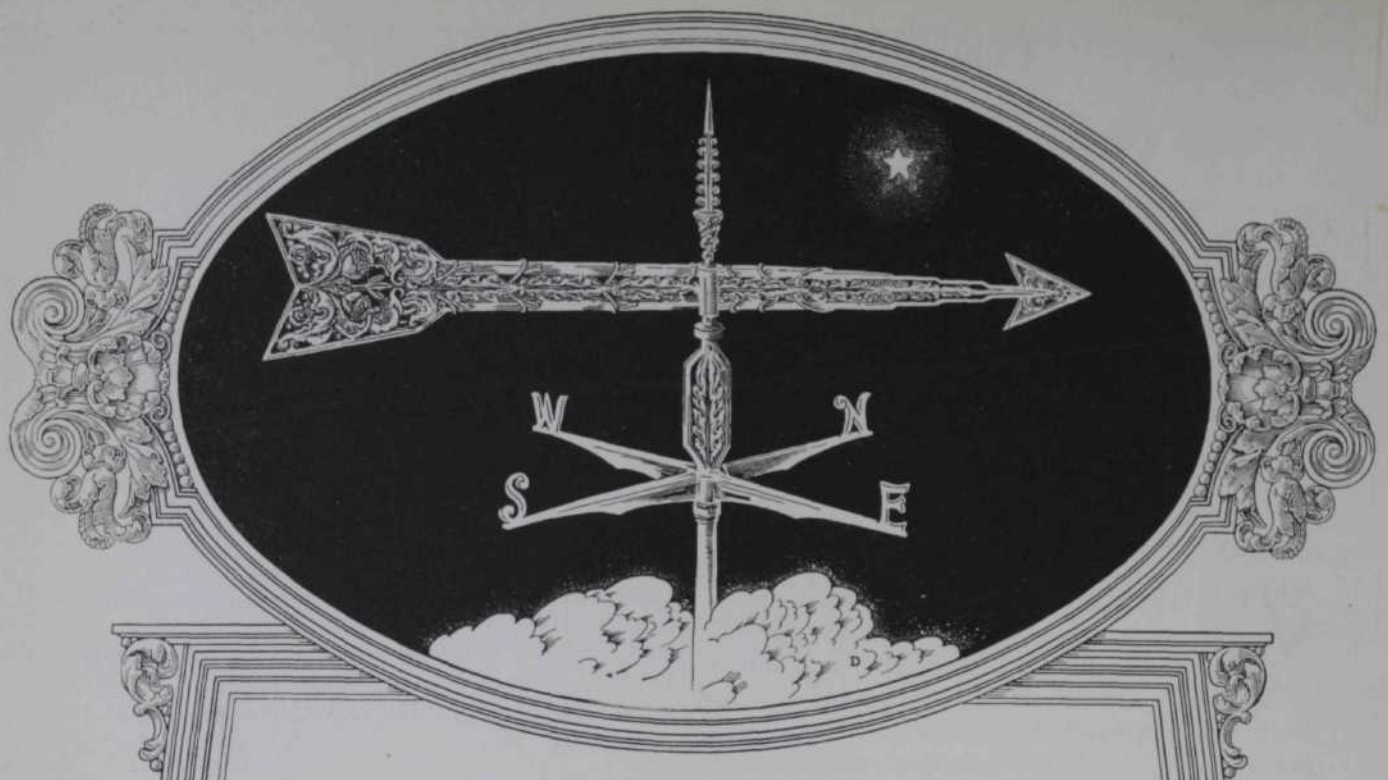
power printing press and typesetting machinery?

This birth of ideas and, more important, the development of those ideas into actual use, have been stimulated by the promise of reward to the successful. If these rewards are to be levelled down to the all-inclusive impersonality of the State as the collector and distributor of the people's savings, the danger is that ideas will be correspondingly devalued and the desire to get ahead deadened. That thought is variously articulated today. There is a fear that encroachments of profits may discourage business to such a degree that recovery will halt, that socialistic practices will be accepted on the showing of authority rather than by a sober consideration of all the people. Would the State—*should the State*—feel as free to risk tax money on the development of stream-lining as individuals cooperating voluntarily? Would there not at least be a lag, a disheartening delay?

There is much concern for freedom of the press. There should likewise be anxiety for the freedom of ideas and for the freedom to develop those ideas. It takes no partisan of the old deal to see that as long as men "do not believe that enterprise is possible they will inevitably do the very things which discourage it most. And without enterprise you do not get recovery under a capitalist system or, for that matter, under any economic system."

To suffocate or to chill business initiative would do no service either to recovery or to reform, as the President clearly intimates in his budgetary decision to reduce public enterprise to normal by 1935. The logic of events, as much as hope, directs the interpretation that Mr. Roosevelt recognizes the need for private enterprise, and that he is earnestly disposed to speed its revival.

Merce Thompson



THURSDAY'S WIND

It may come from the warm south. Who can tell? Certainly there is a change in the current of business. Are your sails all set? » » » There never was a time when the Mimeograph gave the important help that it does today. It is one of the sound recovery processes. Not only is it a substantial factor in modern economy, but its nimble ability to turn out thousands of sharp and clean duplicates of all kinds of line drawings, forms, letters, bulletins, graphs, etc., has made it one of the most resultful forces in the business and educational activities of our time. For almost fifty years it has served progressively to fill a growing need. It may be one of your real needs—right now. It is easy to find out! Write A. B. Dick Company, Chicago, or see your classified telephone directory for local address.

M I M E O G R A P H



What Liberties Shall We Fight For?

By T. N. CARVER Professor Emeritus, Harvard University

WHO is a "Liberal"? The man who wants more control of business by Government or the man who wants less? The former calls himself a Liberal. Yet at the time Liberals are seeking for a managed economy, other Liberals urge less censorship of press and theater

★ ONE of the anomalies of the present situation is the way the advocates of more government authority call themselves "Liberals." The term "liberal" has always meant among English-speaking peoples, and still means among those who know, one who is opposed to the extension of government authority. It was this meaning that gave it the great popularity which it now has. This popularity has made every one want to be called liberal, until now even authoritarians would like to steal the word. It is the way of politicians especially to "steal the livery of the court of Heaven to serve the Devil in."

Some cynic has remarked that the value of a thing may be measured by the number of people who try to steal it. The number of people who try to steal the name of "Liberal" is an evidence at least of its popularity if not of its value. The popularity of that name is an historical product. There is no inherent reason why a liberal policy should be considered as *per se* better than an authoritarian policy. If liberalism should, in the present age, produce as many and as serious abuses as the overindulgence in government authority produced in previous ages, liberalism may yet become an epithet and authoritarianism, or some shorter word meaning the same thing, a popular word. At present, there is no reason why any one who favors the extension of government authority should not say so openly and not try to

camouflage under the word "Liberal."

Some interesting experiments are now being tried in the extension of government authority. So long as they are new experiments that have not already been tried and failed, they are not to be condemned or approved by merely attaching to them such words as liberal or authoritarian. The Tennessee Valley Authority is a case in point. However, the success of such an experiment, if it succeeds, under such an able and disinterested administrator as Dr. Arthur E. Morgan, is not a sufficient demonstration. The real test will come when it begins to appeal to the covetousness of politicians. There are unscrupulous vote-getters as well as unscrupulous money-getters. When we begin thinking realistically, we shall always try to preserve a "balance of nature" between the two, as the people of the West try to preserve a balance between coyotes and jack rabbits, and not permit either to run over the country.

Another anomaly is found in the way certain people are demanding more and more government control over certain activities and less and less over others. While announcing the end of *laissez faire* in one breath they are, in the next breath, demanding less interference with their own business. In general, the so-called end of *laissez faire* means the entrance of government upon a policy of controlling manufacturing and transportation. Censorship, however, which

is also a kind of government control, is deeply resented. It would be quite consistent to advocate more and more government control or to demand less and less, provided we were thoroughgoing and logical in our advocacy or our demands. But to expect any government to assume dictatorial powers over industry and a *laissez faire* policy toward other activities is, to say the least, naïve.

Those who think that the Government is likely to continue a *laissez faire* policy toward speech and the press while assuming more and more control over business, will do well to consider two questions rather carefully.

First, did any government ever, in fact, embark on a policy of general control over business, whether called a "managed economy" or by some less euphonious name, and, at the same time, keep its hands off the business of publishing or speaking?

No argument with dictators

SECOND, remembering that any government that thinks itself wise enough to control business in general is not likely to be overmodest as to its ability to censor the press, just how would you frame an argument to convince it of the danger of interfering with the press? You could, of course, point to the Constitution, but what is a Constitution to a dictatorial government? You could also point out that speech is an expression of thought, but so is the making of things, the government could reply. When you try to show a dictator that speech is something spiritual and that government control is a shackling of the human spirit, he may reply that speech is something simian, and that bad or misleading talk is more dangerous than misbranding or adulterating material goods.

Taking the argument into its own hands, your dictatorial government, or its spokesman, could tell you in scientific jargon that your real reason for believing in the sacredness of speech is found in that dazzlingly brilliant book by Clarence Day entitled "This Simian

World." The reason is not found in our Federal Constitution, but in certain biological facts which go deeper than constitutions. Being descended from simians who loved to chatter, the right to chatter is our most cherished right. If, as Day suggests, we had been descended from cats, the right of private combat would have been the one thing worth dying for. Attempts by government to suppress duelling, rather than attempts to suppress chatter, would have started revolutions. You are not likely to get far in your argument with a dictatorial government. It has the advantage in repartee.

Still another anomaly is the way certain writers are announcing the end of *laissez faire* without giving us any idea as to what they mean by that term. If it means, as some of them seem to imply, the complete absence of government control, it is safe to say that no such thing ever existed, certainly not in historic times. Complete absence of government control is the complete absence of government, for government is control, and the absence of government is anarchy.

What those facile writers probably mean by the end of *laissez faire* is some general extension of government control. Liberals have been, for a hundred and fifty years, struggling for greater freedom and less government control. Authoritarians have struggled for more government control. It may look, at present, as though the authoritarians were in the saddle and liberalism were either dead or on the defensive. If the authoritarians are really in a position of dominance, we shall see a gradual extension of government control over industry in general, and probably also over education, the press and even religion. At least, there is no other government that is undertaking to manage the industries of its people without trying also to manage or control education, the press and religion.

Indefinite decrees hurt business

GOVERNMENT control is of various kinds and degrees. There is control by the whimsical decrees of a dictatorial government, and there is control by a known and understood code. The latter is infinitely better, or less bad. Even a bad code, if known to all and certain in its application, enables the individual to know where he stands and to adjust himself to the situation. Whimsical control keeps him guessing, and he never knows what to do. Nothing is worse for business or the employment of labor than uncertainty as to what the government may or may not do.

An excellent illustration is found in the field of taxation. In some backward countries, the farmer, the merchant and the manufacturer are never certain as to what the tax gatherer may

do. Consequently, they are afraid to do anything except what absolute necessity requires. In more advanced countries, where taxes are levied by general statutes and administered impersonally, the amounts collected may be large—larger even than those collected by capricious tax gatherers in backward countries—but, since they are known and calculable, the individual can adjust himself and proceed with his business. Another illustration is found in the present (January 15) monetary policy of the United States. The paper price of gold is changed from time to time according to no known principle or plan. No one can calculate the day when the next change will be made, nor the extent of the change. The business world is kept guessing. This kind of uncertainty is depressing to every business except gambling.

While the first requisite of a good system of control is its certainty and calculability, these are not enough. In addition, the code should be rational. The Nazi exclusion of Jews from certain occupations is certain and calculable. Thus it is probably better than a whimsical and capricious discrimination. In such a case, no Jew could know whether he would be punished or not if he entered a given occupation. Many more would suffer punishment than under complete exclusion.

A rational system of control must be based on some well known distinction between such acts as are demonstrably harmful and such as are demonstrably beneficial to the nation as a whole. If such a distinction can be found and applied, and if all acts which are demonstrably harmful can be suppressed and all which are demonstrably beneficial can be protected and encouraged, the system of control will be rational.

The difficulty is to know where to draw the line. Some acts of individuals, such as killing, stealing and swindling, are demonstrably harmful. Some others, such as producing useful goods, teaching others how to produce them, performing useful service, are demonstrably beneficial. Between these two classes of acts is a great volume of doings and goings-on which are difficult to classify. Besides, it is not easy to decide what is useful and what is not. A broad zone rather than a clean line separates the demonstrably harmful from the demonstrably beneficial. This zone is the no-man's land for the battle between the liberal and the authoritarian.

Even the most liberal person, unless he be an anarchist, is in favor of suppressing all acts that are demonstrably harmful. Even the sternest authoritarian, unless he goes to that extreme of authoritarianism called communism, is in favor of permitting the individual to perform all acts that are demonstrably beneficial. The difference is in their attitudes toward those acts that lie in the

broad zone between. The liberal inclines toward the let-alone policy, the authoritarian toward a policy of control. In general, the liberal is inclined to say, in case of doubt, "let the individual alone." In general, the authoritarian is inclined to say, unless the individual can prove his case, "restrain him."

Liberals vs. authoritarians

BETWEEN these two points of view there is a perennial tug-of-war, with the liberals pulling in one direction and the authoritarians pulling in another. When the liberals are gaining ground, the line between what is permitted and what is forbidden by the government is drawn nearer to that side of the zone which borders on the demonstrably harmful. When the limit is reached, the government limits itself to the suppression of violence and fraud, and the enforcement of contracts.

When the authoritarians are gaining ground, the line is moved nearer to the side which borders on the demonstrably beneficial. In this case, the government assumes a more and more censorious attitude toward business practices, private habits, literary fashions, etc. All that can possibly be true in the statement that we are seeing the end of *laissez faire* is that, in the present tug-of-war, the line between what the government permits and what it forbids is moving perceptibly toward that side of the zone which borders on the demonstrably beneficial.

Even that is not true, so far, in all parts of the field of government control. There seems to be a definite tendency toward more control over industry. At no time, however, has the censorship of the press and the publishing business been more vigorously resisted. The ban on obscenity and indecency on the stage and in literature was never more lax. We are tightening our control over manufacturing in general, but loosening our control over the liquor business. Gambling laws are everywhere being liberalized, and we are growing more and more tolerant toward criminals. In short, we are getting more and more government control over those industries which produce the ordinary necessities of life, but less and less over those which cater to our private vices. We are not even approaching the end of *laissez faire* in these matters.

It looks as though most of us were quite willing that the government should control or even suppress any business in which we are not personally interested, but up in arms against any attempt to regulate our own businesses or those in which we have a personal interest. Even those who talk and write about the end of *laissez faire* are definitely for a *laissez faire* policy toward their own business. Of course, there is still some sophomoric

(Continued on page 76)

What's Ahead in Washington

W. M. Kiplinger *Says Outlook Is Better*

Dear Mac:

I THINK there's a bit of good news for you in the Washington situation, in so far as it affects your business policies. It may be slight, and it may be temporary, and it must be qualified. Nevertheless it is good, and this is something I haven't felt like saying to you so strongly since last May, before the summer spurt.

There's assurance of gradually rising volume of business throughout March and April. May is a little foggy. I am inclined to think the momentum of spring upturn will continue through May, but at this distance there's no way of saying for certain, because May seems the period of testing the strength of government credit, and of testing the ability of private business to take hold, following the artificial momentum given by current big government spendings.

You are probably safe in figuring on ten per cent to fifteen per cent better business on the average, as measured by volume, between now and the middle of May.

The moderate amount of this upturn ought to be emphasized. Keep it always in mind. Reason is that the business and investing public is apt to make the most of a little improvement, and to regard it as a big improvement, and to use it as the excuse for another burst of excessive speculation, such as occurred last summer. We talk much about the evils of speculation when speculation is temporarily off, but we rush into it again at the slightest beckoning.

Cautions to Watch

BY WAY of caution let me remind you of a few things to watch in Washington while business is getting better between now and May:

1. Watch how closely Congress follows through on the budget. If it stays within it, good. If it shows signs of voting more than the Administration recommends, look out.

2. Watch the week-to-week temper of Congress on early adjournment. It is better for business if Congress adjourns in May than if it lags on to June.

3. Watch the interest rate on new government borrowings. If it stays reasonably low, it's a good omen.

4. Watch all the new government plans for stimulating private business, especially building, for they constitute the digging of a channel by which activity may be routed away from forced government spendings into the main big channel of private spendings.

5. Watch the progress of monetary negotiations with England and France, for until there is some sort of permanent international agreement on relationships of the currencies, there can be no permanent stability in this country.

There are other things to watch, but these are major, and they will be discussed hereinafter.

Look Back

IT'S TIME to look back over the past year and to spot certain periods or phases, in order to have a base for reconnoitering into the future.

A year ago Hoover was President. It was the end of the

interregnum between Roosevelt's election in November and his inauguration in March. It was a period of futility. The Government tried to do things but couldn't, because the incoming Government had not formulated its program and would not cooperate on a Hoover program. Bank runs were in progress but were hushed up. The open panic and nationwide blow up came at the tail end of February, and paralysis descended. At this point a new, untried, mysterious President stepped in.

(Make your own contrast between the facts of *then* and the facts of *now*, without bothering for the present about facts of the future.)

Then there was the period of March, April and May, when the Government was frantically busy doing things. Banks were closed, then most were reopened, and others were started toward salvaging and mopping up. There was the birth of an executive dictatorship, freely granted by the legislative. The country went off gold, and the groundwork was laid for inflation.

The Government grabbed agriculture with one fist (AAA), industry with another fist (NRA). It voted three billions for Public Works, out of which quicker-acting Civil Works were born belatedly. It picked up Hoover's much-cussed RFC, and gave it new powers. The public looked with amazement and acquiescence at all these Washington goings-on, delighted to see anything done, right or wrong.

Then came the summer boom, a speculative boom, like the spree of a sick man just out of bed. The public took all the extravagant promises of Washington at face value, and went to it.

The fall, up through November, was spent paying for the summer spree. Business and prices and confidence fell off, largely because demand hadn't caught up with earlier preparations for supply, and because NRA proved to be no great factor in emergency recovery. Inflation was in the air, but didn't take hold. In October the President started his gold-buying, and the dollar continued its depreciation in foreign exchange, or world value, but this did practically nothing to domestic commodity prices. It was a period of new harassment and discouragement. The low occurred in late November.

Then came Civil Works, as a shot in the arm. Due largely to them, business began to be a little better. In late January came devaluation and return to the gold standard—a new and different gold standard.

On January 1 the banks were put under government insurance of their small deposits, thus making insurance against bank runs.

Many banks had been doctored up with government capital to qualify them to pass the tests.

Throughout all these periods the Government was busy pouring out capital and credit to all sorts of classes of citizens and institutions, thus sowing the ground for a future crop of credit inflation (probably a bumper crop).

Here, then, are the significant phases of the past year: 1. Abject discouragement. 2. Washington whoopee and reconstruction along a dozen different lines under an executive dictatorship. 3. One short burst of premature recovery. 4. The start of a tremendous system of state capitalism, "state

banking," which will be with us forever. 5. The establishment of government regulation of practically all private business, still in the experimental or evolutionary stage, but permanent in some form. 6. A swing toward socialism, without any whole-hearted embracing of socialism, for private initiative and private profits will continue to be the main reliance for an indefinite time. 7. A definite pushing back toward nationalism, away from world cooperation. 8. The beginning of recuperation from the greatest depression in modern history.

There's the past year in a nutshell. The new year begins approximately now, despite the calendar.

Administration Intentions

Remember that the Government now has a lot of bonds to sell. It also wants to pare down the Government spendings and make private business pick up where and when Government leaves off.

Hence the Administration will try to be careful about the feelings of business. There is an intention to soft-pedal the baiting of banks and private capitalists. There's already a new note of conciliation in many of the new government utterances.

Once again, the reasons: To sell bonds, and to lure back private initiative, in order to make the transition.

The Transition, When

IT appears from economic history that the transition from large government spending to resumption of normal private business is usually not painless. There is usually a break, a gap, a let-down, a temporary slump. Estimates of the duration of this slump range from six months to ten months.

The period in which this transition is to be made cannot be foretold accurately, but the Administration hopes to make the start of it along toward the middle of this year, perhaps May or June. Consequently the Administration is getting ready for it now.

Public Works expenditures will continue, under commitments already made, but Civil Works are to be cut down. At least the Administration hopes to cut them. The pressure for their continuance will be tremendous, and if Congress is in session around the middle of May, I think Congress will bow to the storm and vote a continuation.

What is to take the place of government spendings? The Government hopes to steam up private building, and to this end is now engaged in making mortgage money easy, through new government systems of farm and home loans. It is also seeking to strengthen the building and loan associations, the savings banks, and the federal savings and loan associations. The hope is that people will find mortgage money easy and plentiful enough to encourage them to build homes, to remodel homes.

Other measures to aid the transition include loans to railroads, loans to industries, loans for foreign trade, and, generally, the expansion of credit.

Will the transition slump be avoided? I don't know, and I don't think anyone else knows. Political officials say it will be avoided, but I think they are expressing only a hope. I am inclined to expect some kind of let-down, and to place the beginning of it around the mid-year.

1935 Boom

TALKING about next year is like trying to see below the horizon. But keep this in mind: We are expanding our volume of credit tremendously, making it plentiful and cheap. (Of course it hasn't yet begun to trickle down to the multitudinous would-be borrowers, but this ought to come later.) Such

a series of preparations always in the past has been followed by a speculative boom the next year.

Brakes

THE question is, therefore, whether the Government can apply the brakes at the right time to prevent a boom of unhealthy proportions. The Federal Reserve system certainly can't do it, for the Reserve system has been superseded by the Secretary of the Treasury as the chief engineer of national credit policy. (The gold devaluation bill did it.) The question narrows down, therefore, to this: Can Mr. Roosevelt and Mr. Morgenthau apply the brakes? Will they dare do it? Will political influence let them? The questions will have to go unanswered for the present, so far as I am concerned.

The concern among well informed economic authorities in Washington now has shifted from the problem of getting business started, to the problem of whether speculation and credit inflation can be controlled next year and the year after.

Bonds to Sell

SIX billions of new securities to sell, and four billions of refundings in the first six months of this year, total ten billions. Can it be done? The Treasury thinks "Yes." There are great pools of private investment capital, capital is returning from abroad. Banks have been bolstered up with government capital, so they can absorb blocks of bonds if the Government insists. So the raising of the new money is not an insuperable task.

But there are ifs: If Congress doesn't exceed the budget. If new gestures are not made toward greenback currency. If business volume continues to keep up after May, and if profits are less unsatisfactory than in the past. These ifs ought to come to a head around May, and that's why May seems in February like a crucial month, and why your business plans should be made with the idea of pausing then to look around and take new stock of the situation.

Public Works, Civil Works

DOUBTLESS both have been good. The wastes, incompetencies, scattered cases of localized graft are spectacular and annoying, but they are not the real test of the thing.

For the sake of balance, remember that even three billions of public works represent only a small portion of the normal building operations in this country. Residential construction alone is much more important. Hence the Government's new emphasis on home construction.

There's a large body of responsible thought which favors the indefinite continuation of some form of civil works. I think it is inevitable, in some changed form. We shall always have a large amount of unemployment, and it will be found to be socially, politically and economically necessary to maintain an organized work corps. Something like this is bound to grow out of the CCC and CWA.

Budget

OFF balance this year by nearly 7½ billions, but even this deficit is "manageable." Off balance next year by at least two billions, but this is not serious. The problem relates to 1936. Will the budget be balanced then? The President says it will, but it isn't a matter which he can settle by saying so. It is a matter for citizens at large to determine. Those who press for new government financial aids are pressing for an unbalanced budget in 1936.

Taxes

DESPITE the new tax legislation, which is known as a "loophole bill," there is no such thing as fundamental tax reform this year. It will come next year. The Administration's general policy will be to impose much heavier taxes on the so-

called rich. This is news which must not be allowed to leak out until after the middle of this year, after the bonds are sold to the "rich."

It is probable that next year we shall have much heavier estate taxes: Borrow money from the rich now, give them bonds, take a good part of the bonds away from them when they die. This is one way of financing huge current deficits. It is a form of capital levy.

It may or may not be desirable, but it is *necessary*, and necessity determines political actions.

Banking

WE have, in fact, established a partially unified system of banking for the entire nation, instead of the one system of national banks and the 48 systems of state banks. Most banks, national and state, are now under the federal deposit insurance system, and the federal officials in charge are heading gradually toward uniform practices on the part of all banks. Little by little within the next two years there will be new rules, and new legislation, to make it attractive for banks to join the one national system and to give up their state charters. Odd things are happening to our Federal Reserve system. It was established more than 20 years ago as a means of taking control of the country's credit away from New York. This was only partially accomplished.

From now on, the Government's definite intention is to take the control of credit policy away from the Reserve system, which is essentially a federation of regional influences, and to centralize it in the hands of the Federal Government itself. Thus the Secretary of the Treasury, under the new gold devaluation law, has powers comparable to those of a central bank. He also has new authority over the RFC, the Farm Credits Administration, the Home Loan Bank Board, and other government lending agencies. Thus the Treasury practically is a central bank.

There's a deep plan beneath all this: The Roosevelt Administration has ideas, only half formed, for nationalizing credit, for making it a public commodity instead of a private commodity. Bankers must be used, of course, for no government bureaucracy is capable of passing on the millions of credit decisions which must be made daily. But here's where the President's talk of "partnership" comes in. The Government has become the world's largest single bank stock owner. The Government says it does not intend to exercise the voting privileges which go along with these preferred stocks. But this is one of those assurances which need not be taken at par. It is given with the tongue in the cheek.

The private utterances of officials indicate that within a year or two they intend to work out some new plans by which credit policy, as a general proposition, will be dictated from Washington. Banking is one of the most important fields in which we shall be busy making experiments for the next few years.

NRA & AAA

NRA is now recognizable as an agency for long-time reform of the business system, but not as a measure of emergency recovery. This has been said before, but then it was disputable, and now it is proved.

Most of the codes of big industries are beginning to operate, showing up both merits and faults. NRA is now in the stage of putting through the final batch of big codes, and simultaneously of considering revisions in the codes already operating. It is impossible to forecast when all pending codes will be approved; it probably will be well on toward the end of the year.

Meanwhile enforcement is the great problem. Obviously the Government itself cannot enforce the codes. This must be done by industries themselves. Trouble is that many codes contain unenforceable provisions. These will be changed.

Much price fixing is being practiced, under subterfuge of

code formulae which were not intended to support price fixing. Price fixing never did stand for long, and will not stand for long under the codes, even if the Government does not take a hand. When it gets down to actual practice, most units within an industry which has price fixing do not approve of it. Thus the force of competition itself will continue to be the main protection against price fixing.

With AAA it is different. Here the Government itself actually requires price fixing at the producer end of the line, at the point where the farmer's stuff is bought. It is tried particularly on milk. This corresponds to wage fixing in industry, but in industry only minima wages are fixed by the Government. It is doubtful whether the price-fixing scheme for agricultural products will stand up.

The forthcoming meeting of code authorities in Washington will be the most important conference on business organization and management ever held in this country.

Small businesses are becoming increasingly vociferous in their claims that NRA puts them at unfair disadvantage. This is particularly true among small units who are more efficient than large units, whose costs are lower, whose compulsory minimum prices are pushed up to the level where they do not have competitive advantage over the big units.

Other Issues

Securities Act. Amendments will ease the strict liability of corporation directors and others, but will not change the fundamentals of the act.

Stock Exchange Regulations. The Administration was less anxious for regulation than the Senate, but bowed to the Congressional insistence. The regulation will not hurt the stock exchange, but it will diminish the volume of trading and will hurt the brokerage houses. It will take some of the gambling out of the securities business.

Railroads. No important legislation. Extend the work of the Coordinator for another year. No bus and truck regulation bill. The new code will suffice for the present.

Utilities. Nothing of importance. Position of operating companies is improving, in so far as Washington attitude is concerned. Roosevelt is intent on forcing wider use of power, at lower rates, and thinks private companies can make good earnings on greater volume.

Foreign trade. A moderate increase in foreign trade will come from tariff bargainings, the barter scheme of Peek, the plan for government loans. But increase in foreign trade will be slow, and not too much should be expected.

War. There's not much to be said about it briefly, except that the Russian-Japanese situation causes rapidly increasing worry here. Washington sentiment is predominantly anti-Japanese, and pro-Russian on the war issue.

Commodity prices. Washington expects gradual increase over the next two years, but no spectacular increase such as occurred last summer.

Moley. Professor Moley's weekly, *TODAY*, is regarded as an unofficial mouthpiece for the Administration. It puts up trial balloons. It discusses reforms which Mr. Roosevelt would like secretly to make, which he is not yet ready to espouse openly. Example: Government ownership and operation of banks.

Graft. High officials of the Administration are clean and conscientious but they tolerate a fringe of political wire-pullers and privilege-arrangers. These are the racketeers of party government. It's a situation worth watching.

President's popularity. Still phenomenally high.

President's health. Good.

Will this country wiggle through? Imagine it will. Australia did it, and she was in a worse mess than the U. S.

Yours very truly,

Feb. 8, 1934

Wm. L. Hughes



A native of the Valley for whose benefit the program is planned

★ TO KNOW the full significance of the experiment in Tennessee Valley you must know the chairman of the board of the Authority, Dr. Arthur E. Morgan, schoolmaster, idealist, and engineer, a combination of fine, almost saintly, enthusiasm, with a hard-headed understanding of ways and means.

This article is the recital of a talk with Dr. Morgan about the Tennessee Valley plan. Before it gets under way something more must be said of the man and the plan must be outlined. All his life Dr. Morgan has been defiant of handicaps. His schoolroom education stopped with the high school in Minnesota. When he was 19 bad health compelled him to give up his plans for schooling in St. Cloud, Minn., to get a job in the open air, and he spent three years in Colorado. That was in 1897. In 1902 he was back in Minnesota as a civil engineer. In the next 15 years he planned and superintended the construction of 75 water control plants in Minnesota, Colorado, and in the states along the lower Mississippi. A water control scheme is as mean to handle as a hornet. If the dam breaks the engineer is ruined. Six states have adopted codes for water control which he drafted. Vague men do not do these things.

Government Tells

An Authorized Interview with DR.

"WE ARE trying to make these people competent.

"We are planning a training program for young people.

"We hope to establish home industries taking the abler of these young men as workers and the best as managers . . ."

Russia? The Army? Neither. The United States in peace time—the Tennessee Valley where the United States has set up a state within the States.

It would have shocked your fathers and your grandfathers. Does it shock you?

When he was about 30 years old, Dr. Morgan called on the president of a great eastern university. Morgan had been getting his own way with men who were as hairy as Kodiak bears, forking his bacon out of the frying pan at camp fires, sleeping under a tarpaulin rolled in blankets. The president of the university was almost dainty. When the hour arrived he asked Morgan if he would have some tea. Morgan thought a wife, or at least a servant, would come in to run the machinery. The president made tea himself, handling the kettle, setting out the china. When, in 1922, Morgan was asked to take hold of Antioch College he took the job because he wanted to get the taste of that tea out of his mouth. Of course, there were other reasons, but the memory of that tea was perhaps the compelling one. He determined to try his hand at making boys and girls into men and women, not tea-tasters. Everyone knows of Antioch College now. So much for Dr. Morgan.

A gigantic experiment

THE Tennessee Valley plan is an experiment. No one knows what it will cost. No one knows how long it will be in the making. It may fail for any one of many reasons. It may succeed. If it does succeed, a long step will have been taken in a given direction. Those who think one way will assert that the 2,000,000 people of the Tennessee Valley will have been rescued from a condition in which some of them did not get

enough to eat, had almost no income, and were dialectically as well as dietetically deficient. Those who think the other way will maintain that the people of the Tennessee Valley will have been made into wooden soldiers, all marching together, pop-eyed with pap-fed intelligence, clean and sanitary and stalled. I am taking neither view. I am just a reporter.

But I am reporter enough to see that this Tennessee Valley plan is loaded with dynamite and beaded with fulminate caps. It may be good dynamite. I am not passing on its quality. The fact that most stands out is that the plan has not been devised for the Tennessee Valley alone. It is not a part of the emergency relief program. It is, to quote Professor Rexford G. Tugwell:

"A deliberate turning toward the future, the commitment to an ideal. Its success may depopulate cities. . . ."

For, if it unjumbles the Tennessee Valley so that its people are happier and more prosperous and more contented, then its proponents intend to place other authorities in other parts of the country where a more completely standardized development seems desirable. Already authorities have been proposed for the Missouri River Valley and for the Basin of the Columbia River. Dr. Morgan said:

"It is well that policies be tested in a limited area rather than that the inevitable trial and error method be first applied on a nation-wide scale. The nation can well afford the investment,

2,000,000 How to Live

ARTHUR E. MORGAN *by Herbert Corey*

for it can thereby learn how to plan in other regions."

That statement is worthy of study. "On a nation-wide scale" . . . "to plan in other regions" . . . because it has the direct support of President Roosevelt. In the letter to Congress in which he suggested the creation of the TVA he said:

"This is in a true sense a return to the spirit and vision of the pioneer. If we are successful here, we can march on, step by step, in a like development of other great territorial units within our borders."

The Tennessee Valley Authority can only do what it has engaged to do through the constant aid and support of the Federal Government. It covers more than 40,000 square miles, four-fifths as large an area as England, as large as Ohio, crossing the lines of Tennessee, Virginia, North Carolina, Georgia, Alabama, Mississippi, and Kentucky. It includes 120 counties, and 2,400 incorporated towns and villages.



Under the Government's program, housing conditions like those shown above would be eliminated from the Valley. Below, the site of the Norris Dam, on the little Clinch River, one of the power projects which will generate electric current as a part of the "measuring stick" idea

KETSTONE — UNDERWOOD

Such cities as Chattanooga and Knoxville, Birmingham, Memphis, Atlanta and Louisville are within the transmission radius of its electrical output. Within these lines the Tennessee Valley Authority has been granted such dominance that it has been referred to as the Forty-Ninth state.

That statement is not accurate. It is rather an enclave, "an inclosure within an alien territory" as the dictionary defines it. The plan is to make this enclave an abode of culture, health and prosperity, as an example to the citizens who ring it around. Six million people are within the sphere of its influence. It has no arbitrary power to compel political action, but the tapline into the Federal Treasury gives it great persuasiveness.

One of the reasons for its creation was to serve as a "yardstick" to measure the cost of producing electrical energy by privately owned utilities. More than 200 towns and villages have already applied to buy power from it. When the authority wished to sell power to the city of Knoxville objection was raised because of the city's financial plight. Its bonds were selling at 70 cents on the dollar.

The authority has an office in Knoxville and does much of its buying there. Dr. Morgan is a practical man. When the proposition to issue \$3,225,000 more in city bonds for a new distributing system was submitted to Knoxville's voters, some one suggested that, if it were not adopted, the authority might take the office away and stop buying goods in an ungrateful city. Dr. Morgan made no such threat. He did not take part in the campaign except to repudiate a supposed interview in the opposition paper, in which he was represented as uninterested or averse to the proposal.

Seven thousand-odd votes were cast and four thousand-odd were in the affirmative. The bond issue was authorized. As the handbook states: "to make the area a workable one and a fair measure of public ownership it should include several cities of substantial size." The Authority has definitely taken the attitude that it will not seek customers for its electric power among the municipalities. It will receive overtures, but the initiative must be taken by the municipalities. It is "directed by law and by executive order to make such . . . general plans . . . as may be useful . . . in guiding the extent, sequence, and nature of development that may be equitably and economically advanced through the expenditure of public funds or through the guidance or control of public authority. . . ."

This development includes "the generation and sale of power . . . the development of fertilizers and . . . a program of social and economic planning with the aim of promoting the social and economic welfare of the region and

of the nation. This more general program includes soil erosion, forestry, the balancing of agriculture and industry, the better and fuller use of mineral resources, and *such problems as the vocational adjustment of unemployed men and women to new or more productive fields of work.*"

To accomplish this, in President Roosevelt's words, the Tennessee Valley Authority was created—"a corporation clothed with the power of government but possessed of the flexibility and initiative of a private enterprise. It should be charged with the broadest duty of planning for the proper use (of the natural resources) and the general social and economic welfare of the nation."

Remodeling social organization

I WANTED to know how Dr. Morgan plans to handle this job. The building of the Norris Dam and Wheeler Dam and the necessary power-houses and distributing systems did not interest me. Such things can be done by any competent engineer with a federal treasury behind him. But the TVA plans to be interested in the lives and habits and industries of the dwellers in a vast section of the United States.

"I have not outlined any theory of social organization," said Dr. Morgan.

"I have simply indicated social projects that need to be handled. Suppose they were in Italy, where there is a despotism. Suppose they were in Russia, where Communism is in control; suppose they were in New Zealand, where a democratic government is in control. To a large extent the technique and the social machinery, both economic and social, would be the same. If we can develop the best social machinery for handling these projects we will have made a good setting for good government."

Then he elaborated his plan—or lack of plan—for cooperating with the Valley people in the discovery and development of a new mode of life.

"It may not be necessary for us at the beginning to set up an abstract theory of social government if we can work out in practice, close to the facts, the effective way of handling situations that are pressing for present solution. Methods developed in such situations can fit into a model of social government, or may determine that model of government. I am inclined to think it is sounder sociology to have the nature of things determine your form than to try to impose your form on the nature of things. That is a theory of government that to many people seems to be no theory at all. As I talk to some people they say:

"But I don't see any design, any plan, any theory of government here."

"I say that in most of these undertakings, a cooperative attitude on the

part of the people is going to be essential, whether the government is *dictated from above or comes from below*. The process is going to be the same. In working out that process we shall explore different processes. In some cases, as in steps for control of malaria, we may dictate. In others, as in improving agricultural methods, control should be in the hands of the local people. Our methods will gravitate from each extreme toward the balance that shows up most effectively. I think we can explore our way into the essential balance of government rather than theoretically design one and impose it on the locality. We need an inclusive philosophy of a social and economic order, but that philosophy will be soundest if it is the fruit of vigorous and incisive thinking which is dictated by open-minded experimental dealing with realities."

The stenographer's transcript of this interview is before me. I shall, however, venture to interpret the preceding paragraph in my own words. It appears to me that what Dr. Morgan said might be restated in this way:

"Some elements of social organization, such as the control of disease or the unified control of the Tennessee River System for power, flood control and navigation, may be so technical that only specialists can manage it well. In such cases highly centralized control may be necessary. Other phases of organization, such as improved agriculture, the development of cooperative marketing, or the development of local industries, must come by the people working out their own plans with the help of men of special training and experience, which the TVA may supply."

I hope this is not a misrepresentation of Dr. Morgan's thought.

"In a sense, then, this is a test tube?"

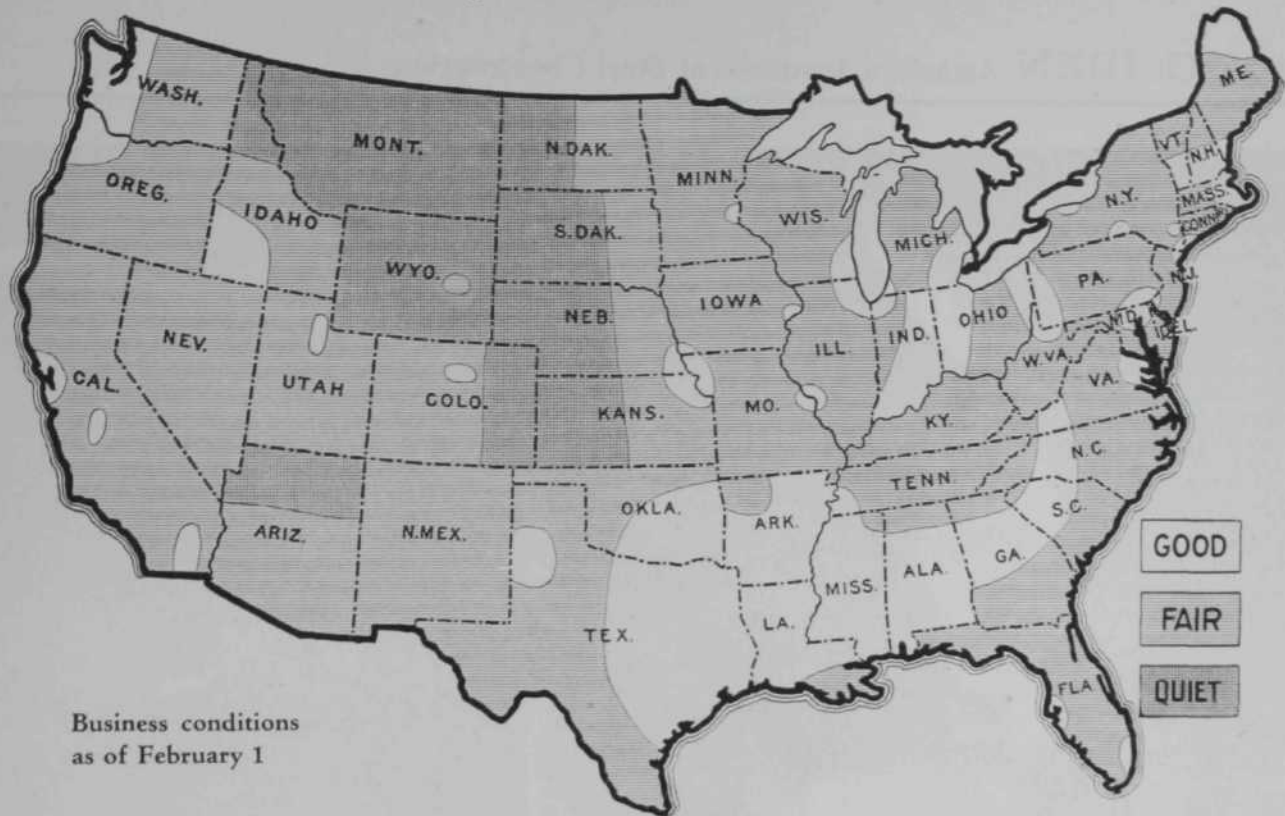
Progress in social planning

"TO some extent it is a test tube, yes. But to some extent it is much more than that. We are undertaking to do those things that are so obvious that their desirability is clear. The only question is method, and there must be experiment and mistakes because the United States hasn't gone very far in social planning. But, in some respects, a community is fortunate to be on the frontier. There is a zest that comes with it, a natural interest, the interest of young people. They are explorers. After it is explored, there isn't so much thrill in doing it. For instance, the man who started the first post office had quite a thrill. There isn't much thrill in starting one now. A community that is a trying-out ground has a certain adventure and thrill that others don't have. If we can meet the leaders of this community and, by working with them and with the most promising young people, develop more lead-

(Continued on page 58)

The Map of the Nation's Business

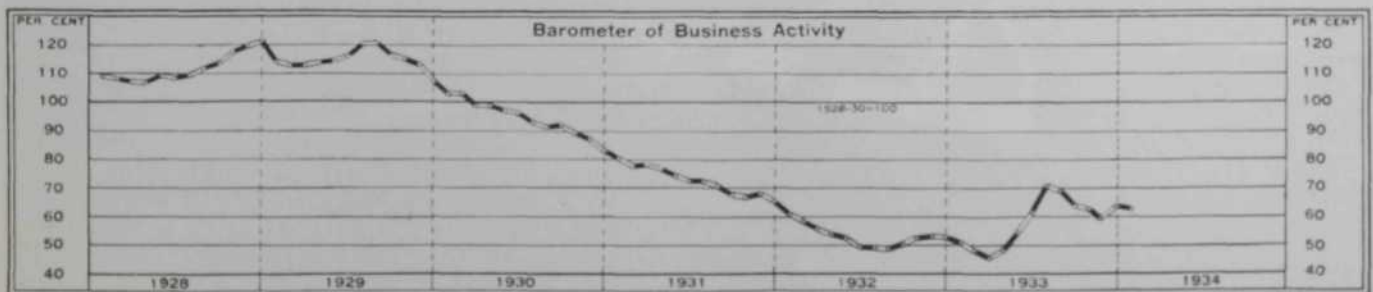
By FRANK GREENE



JANUARY saw December's rally in business carried into the new year with relatively increased force and volume; the normal lull in retail buying failing to function. Mail order sales (rural buying) showed remarkable percentage gains. Wholesale trade volume was generally larger. Prices of commodities, stocks and domestic and government bonds increased. Foods led in commodity rises. Auto shows were crowded and big orders for first quarter were booked. Reports as to bank recuperation were encouraging with fewer closings than for years. Textiles sold better than a year ago. Wheat and cotton reached the highest levels since November. Dry, cold weather west of the Mississippi makes possible a third consecutive small winter wheat yield. January failures and liabilities were less than half those of a year ago.

1933 auto output and net railway operating income were 42 per cent above 1932. Cigarette consumption seven per cent, domestic merchandise exports 4.5 per cent, merchandise imports nine per cent and general trade volume ten per cent higher. Chain store sales 1.5 and gross railway earnings two per cent off. Shoe production next to 1929 record.

No great basic changes are indicated in the February 1 map but the general situation looks a little brighter. Government payments on crop accounts are still a feature but the advances in wheat and cotton prices are new features, the future of which is still to be reckoned with



Responsibility for the decline shown in the Business Activity Barometer for January rests with steel production which fell nine points from the December level. The January steel average, however, is 21 points higher than a year ago

Steel Prepares to Meet

By V. G. IDEN American Institute of Steel Construction



PHOTOGRAPH BY FRANCIS FEIST

Better methods are being developed in all industries. Steel, being a basic commodity, must prepare itself to meet these new conditions. Research, therefore, has been active in all the fields where steel is used as a raw material

New Opportunities

EVERY day brings new proof that depression did not slow the pace of change in business. On every hand new tools offer new possibilities and new problems. This article tells how one industry prepared for the upturn



PROSPERITY in the steel industry depends on prosperity in other industries. That is so since steel supplies the raw material for the capital goods industries and its volume of sales is predicated upon the needs and the demands of other lines. For this reason steel has been considered a barometer of business. If we can place any dependence upon this barometer, the turn for the better came with 1933, because during the past year the steel industry showed an upturn in sales and a slight betterment of prices.

Nineteen thirty-one was a dismal year for the steel companies. So was 1932. In that year all steel companies suffered tremendous losses. That year, according to reports filed with the New York Stock Exchange, the steel companies of the United States suffered a deficit of more than \$161,000,000, a sum exceeding the net losses of all companies in all industries whose securities are listed on the "big board." The improvement in 1933 was not sufficient to bring the total business back to the volume of 1931. But, although the figures are nothing to shout about, recovery is apparent in the spirit of the men who work in steel. It is to the credit of the industry that it emerges from the depression alert to changing daily needs, and sufficiently well coached to know how better to produce and use the materials of the industry.

The various branches of the steel industry normally give employment to some 500,000 persons. Industries affiliated with steel employ probably 400,000 more. During the depression the leading companies adopted a plan of dividing the work, by which they were able to carry twice as many men on their pay rolls as they would have employed had they engaged all men on a full-

time basis. Industries subsidiary to steel tried to do likewise. Under the NRA Code adopted last summer, minimum wages were increased and hours of work further curtailed, with the result that, in the late summer upturn, the industry found itself employing nearly its normal quota of workmen. This added some \$100,000,000 to the cost of making steel in the United States, but it is well spent if greater satisfaction, more efficient labor and greater intelligence can be assured.

In 1923 the industry abandoned the 12-hour day for the eight- and ten-hour day. Now the Code makes eight hours a day a maximum, with an average 40-hour week. At the same time, average earnings per hour have been increased 22 per cent. The United States Bureau of the Census reports that the average annual wage in the steel industry has been larger than the average wage paid in all other manufacturing industries.

Industrial relations have helped

IT is possible to make out an excellent case for the industrial relations policies of the industry. It is doubtful whether recovery has been made any more secure because of them, but recovery has been made possible by the satisfaction and the mental alertness ensuing from these policies. Proof of this may not be tabulated and charted, it may not appear in the statistics of the industry. These things are more intangible, but none the less real.

Steel has undertaken to seek out intelligence among its own men, to foster, protect and encourage them. Today it is reaping the harvest of that ambition. The metallurgists, scientists, research engineers and other specialists have

been able to keep the industry posted as to the possibilities of its product and advised as to its opportunities.

One outstanding example of this is the production and use of stainless steel, so-called. First used in the making of cutlery, stainless steel was developed in England and Germany. In a commercial way it dates only from 1920. Today "stainless" is only one of the many steels of high strength that have been developed. Stainless steel is important because it resists corrosion. As a matter of fact, corrosion is so rapid in stainless steel that it immediately covers itself with a protective film which permanently seals the metal from further deterioration. Stainless steel was used commercially first in the food and chemical industries. It particularly appealed here because of its resistance to stains and corrosion. Stainless steel was then utilized in architectural adornment in buildings and automobiles.

The cold-rolling of stainless steel sheets will rapidly increase their strength. Cold-rolling a sheet one-eighth of an inch thick to a sixteenth-inch thickness will double its strength. This cold-rolling, however, does not, in like proportion, increase the strength of sheets of any thickness. The strength is added to the "skin" of the sheet and in thicker sheets this "skin" will not penetrate far.

Within the past year or so the engineering advisers of the industry have found ways of forming the material to give it a strength in compression comparable to its strength in tension. The "fin" and cellular types of construction have been developed. A corrugated box is of a "fin" type of construction. The cells or fins prevent the thin material from buckling without adding anything of importance to the weight. As a consequence, airplanes of greater lifting power and less dead weight have been developed. Lighter chassis for trucks and busses have been developed thus saving considerably in costs of operation. Railroad passenger cars of this material will weigh less than one-third what the old style car weighed. They can be run on pneumatic rubber tires and can be insulated against noise and dust.

Several test trains have already been built of stainless steel. A three-car unit

(Continued on page 54)

What the CWA Money Bought

By PAUL McCREA

★ ON November 7, 1933, President Roosevelt created the Federal Civil Works Administration. On November 15, some 750 conferees, including governors, mayors and relief workers from all sections gathered in Washington to learn what the new plan was and what they could do to further it.

They learned that the Government, through the Federal Emergency Administration of Public Works, had provided \$400,000,000 to be spent on projects that would put men to work. Their job was to spend this money and employ the men.

In January some 4,000,000 men were reported to be at work. The expenditure for direct relief had been reduced more than 20 per cent. Federal CWA money was being spent at the rate of \$60,000,000 a week, of which 20 per cent was used to buy materials. It was estimated that by February 15, the date originally set for closing the program, all the money would be spent and all the projects completed. CWA would thus die a natural death.

Many men felt that this would be an unfortunate thing. It would mean, they said, throwing 4,000,000 men back into the ranks of unemployed after giving them a taste of the dignity of self-support.

Representative Carpenter of Kansas likened it to "taking a man home that you had found cold and exhausted along the road and putting him in a nice warm bed, then, in the middle of the night, coming and throwing him out."

Those who shared this view felt that CWA should be continued. Two major propositions were suggested. One called for an additional appropriation to permit extension to May 1. The other, favored by the President, called for \$950,000,000 to be allotted partly to CWA and partly for direct relief according to need.

Although a bill embodying this latter proposal passed the House with only one dissenting vote, opinion in all quarters was less unanimous. Complaints of wage inequalities and charges of graft were raised, not only against continuance of the Civil Works program but

AS THIS magazine goes to press, the Civil Works Administration is providing about the most lively news coming out of Washington. Charges of graft and political manipulation mingle with pleas that the life of CWA be extended. This article is printed as a review of what CWA was expected to do and what it did

against what that program had accomplished in the span originally allotted to it.

In the welter of partisan oratory, the taxpayer, who actually footed the bill, had little chance to figure out whether or not CWA had done a good job. This article does not purpose to tell him. It will, however, unless it fails completely, give him some information on which he may draw his own conclusions:

Under the Recovery Bill, passed last June, the Public Works Administration was organized to lend money to qualified borrowers who would employ it to make jobs. PWA, however, was a long time proposition and necessarily slow in getting under way.

Spending quickly

A STOP gap was needed to provide jobs while PWA was gathering momentum. CWA was created to meet this need. It was allotted \$400,000,000 out of the \$3,300,000,000 Public Works fund and its job was to spend this money fast. To direct the spending, the President appointed Harry L. Hopkins as Federal Civil Works Administrator.

Mr. Hopkins was already head of the Federal Emergency Relief Administration and much of the personnel of this organization became also the personnel of the Civil Works Administration. This fact caused some public confusion. It resulted, for instance, in classing as CWA projects activities which were being carried on by the Relief Administration.

The two organizations were, in fact, doing the same job but with different

limitations. The Relief organization could assist only those persons who were registered as needy. It could help them by outright donations or by providing work relief on any jobs available, including raking leaves in parks and municipal wood piles.

CWA took about half its employees off the work relief rolls and the other half from among the unemployed who had not yet asked for relief. The workers could be employed, however, only on projects of permanent public improvement.

These projects could be proposed by federal, state or local governmental bodies. To be eligible they needed two qualifications: They must be socially and economically desirable and they must be ready for immediate undertaking.

Since CWA had originally a life of only a few months, a third qualification was indicated: A project should be such that it could be completed before Civil Works became extinct. This automatically eliminated projects like extensive road construction, large buildings or big bridges.

Projects proposed by the Federal Government were approved or rejected by a CWA committee in Washington. State and local projects were handled through a national organization of local and state officers made up, in most cases, of the personnel which had already been serving the Relief Administration.

Procedure in getting money was simple. State quotas were determined partly on the basis of population and partly on the basis of the number of families receiving relief. Localities with projects which they thought worthy submitted them to the local administrator who in turn submitted them to the state administrator. If he approved them, men were assigned to the project and funds allotted for wages and materials. No actual money was sent. The Veterans' Bureau's system of federal disbursing officers was used and each workman received his pay by way of a check on the United States Treasury made out to him personally. Localities could, if they wished,

(Continued on page 50)

Spending \$3,300,000,000 to Prime the Business Pump



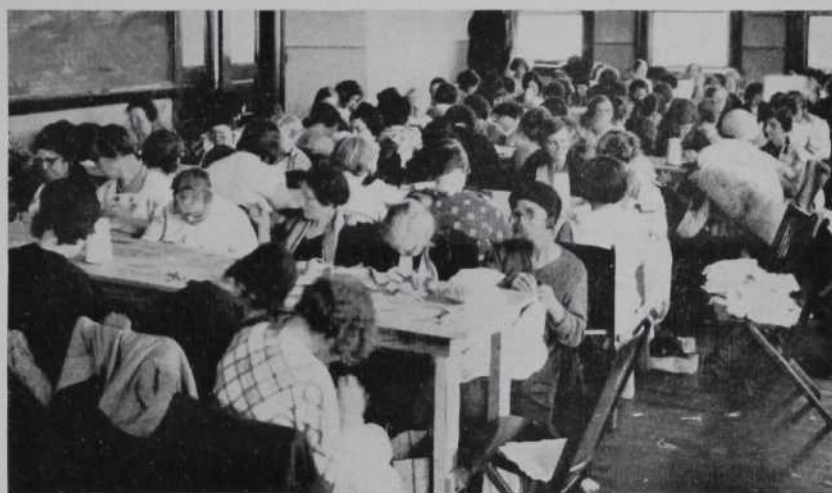
Snow and winter weather failed to prevent work on highways. More than six per cent of the Public Works funds and 40 per cent of Civil Works funds were allotted for road work among the ten Public Works Districts. This photograph shows winter work on a road in Massachusetts



P. W. A.

Public Works Administrator Ickes signs the contract under which the Pennsylvania Railroad is to receive a loan of \$79,000,000 of the nearly \$200,000,000 allotted to railroads. The loan will be used to build freight cars and electric locomotives

Public buildings, schools, jails, Navy shore stations, and Army housing are a few of the construction problems which have been approved and on which work has been started under the Public Works program



KANSAS CITY, KANSAS

Civil Works Service included employees hired under Civil Works Administration on projects relative to relief offices and on vocational and adult education. Money so used made up a small part of the total, however. This Kansas group is sewing in order that the needy may not suffer lack of clothes

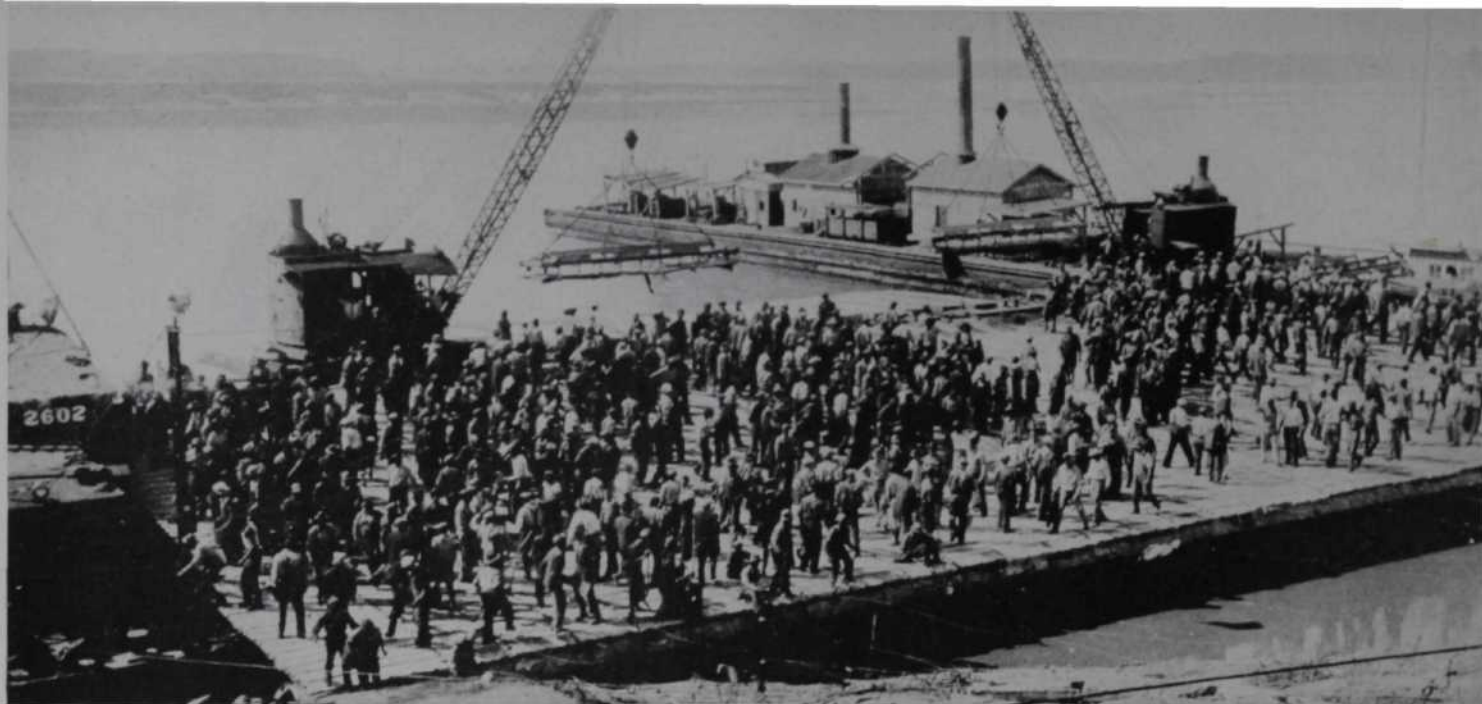


PUBLIC WORKS ADMINISTRATION



SPOTTSMWOOD, JACKSONVILLE

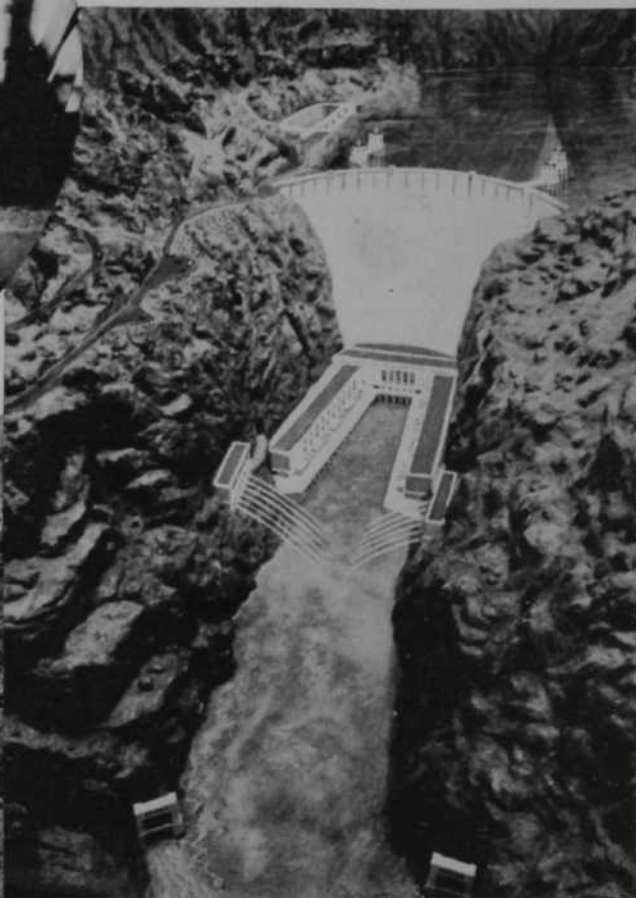
Sewers proved to be one of the most popular types of projects in all parts of the country. Twenty-one per cent of the Public Works funds were used in building new and repairing old sewers. Much sewer work was also done with money allotted by CWA



PWA in action calling men back to work. Here are some of the 626 men re-employed by Mississippi River flood control work at Glen Allen, Miss. These men, working under the direction of the army engineering corps, are typical of thousands of similar scenes throughout the nation where men are being moved from relief rolls to payrolls under allotments from the \$3,300,000,000 Public Works Administration fund



The naval building program will take some \$238,000,000 of the PWA funds. The result has been a revival of activity in all yards. Here is the keel of the submarine "Porpoise" at Portsmouth Navy Yard



Work in Boulder Canyon will be speeded by an allotment of \$38,000,000. These before and after pictures show the canyon as it was and as it will be. The photo on the left was snapped by an unknown photographer about 1929

Housing and slum clearance has an important place in the recovery program. In addition to an allotment of \$25,000,000 for subsistence homesteads, \$100,000,000 was allotted to the Public Works Emergency Housing Corporation. Below is shown a section in Boston where a housing program is contemplated. To the right is an architect's proposed treatment of the same area



St. Petersburg, Fla., used a portion of the Civil Works Administration's funds to clean up the debris strewn over the city by a storm

Repairs to buildings frequently included repairs to furnishings. In several places wood workers were given jobs refurbishing furniture



SPOTTSWOOD, JACKSONVILLE

Passage of the relief measure proved a sad event for pests of all kinds. Campaigns against rats, grasshoppers, ticks, weevils, coyotes and gophers were launched with the money provided. The photo shows a gang working at mosquito eradication, a job done so well, engineers say, that some sections will have no mosquitoes next summer





NATIONAL PARK SERVICE

Those interested in the outdoors will find public lands and parks considerably renovated as a result of the program. Picnic tables and shelters, swings, improved trails and landscaping were common. In many places the activities included construction of tennis courts, playgrounds and swimming pools



Of the War Department's allotment of \$352,297,019, \$44,120,000 was allocated to rivers, harbors, and flood control on the lower Mississippi



Detroit used a portion of its CWA money, not only for improvements to municipal garages but for repairs on the cars inside them. Other cities with the same idea employed funds for repairs to tractors, busses, trucks, and municipal road and building machinery



NATIONAL PARK SERVICE

The Civilian Conservation Corps was the first, biggest and probably most publicized of all the recovery activities. It employed more than 300,000 men and spent an estimated \$20,000,000 a month



NATIONAL PARK SERVICE

This camp in Yosemite National Park, as many other Civilian Conservation Corps Camps, was engaged in building trails, cutting firelanes, and generally tidying up the park



Published at Washington by the Chamber of Commerce of the United States

Charting the Course of Business...

The 30 hour week . . .

★ A CHIEF plank in the platform of the American Federation of Labor is the 30 hour week—five days of six hours each. That was advanced in the Black bill a year or so ago which was set aside for the National Industrial Recovery Act.

Now the proposal has come before the Congress again in the Connery Bill introduced in the House, upon which hearings were begun February 6. This bill provides:

1. That all NRA codes shall be modified to limit working hours to 30 a week.
2. That there shall be no reduction in wages.
3. That upon each body administering a code, there shall be as many representatives of national labor unions as representatives of employers.

Objections to the bill are many. Industries in which there is little unemployment would be hit at once. They would be obliged to reduce production and curtail employment. It is not possible always to find available workers in specialized industries which would be obliged by a 30 hour week to curtail operation.

Such readjustment would be long delayed and difficult.

Under the existing Act, the President is empowered to readjust hours and wages and so set up agencies for the enforcement of such provisions in the codes. A basic principle of the Recovery Act is this: "The President shall afford every opportunity to employers and employees to establish by mutual agreement maximum hours of labor, minimum rates of pay. . . ."

There has been constant recognition under the codes that what is possible in one industry may not be possible in another. A 30 hour week in ice manufacture might be impossible. A 30 hour week in another industry might be feasible.

The measure, if enacted into law, would greatly increase labor costs and result in price increases at a time when retailers are complaining that consumers are growing resentful of price increases.

It must be remembered that labor costs range from ten to 50 per cent of total production costs and that there are wide variations of labor cost among individual units in the same industry. A forced reduction of hours without reduction of wages would greatly handicap struggling businesses now giving employment to hundreds of thousands of men.

One comforting thought about the Connery Bill: The Administration apparently does not favor it.

"National labor unions" . . .

★ THE union labor provisions of the Connery Bill are peculiarly dangerous.

They give to "national labor unions" equal representation

with employers on all bodies administering codes. The provision runs counter to this sentence of Section 7 (a) of NIRA:

"Employees shall have the right to organize and bargain collectively through representatives of their own choosing."

The Connery Bill tends to destroy that right.

The measure would apparently give to these representatives of national labor unions powers to intervene in matters of management entirely outside of problems with which the employees are concerned.

It should not be forgotten moreover that in few if any industries do so-called national labor unions represent a majority of the men employees in any particular industry or occupation.

The Bill, if passed, would no doubt dragoon many unwilling workers into the American Federation of Labor.

Growth of company unions . . .

★ IT IS an open secret that the growing strength of the company union has gravely disturbed the peace of mind of the leaders of the American Federation of Labor. Membership in the Federation has been growing rapidly but membership in the company unions has, it seems, been growing even faster.

Within the Federation there has been debate as to whether the Federation should or should not seek to bring the company or industrial union into the Federation. For the present the victory has been with the craft or national union.

Part of the problem is the disappearance of crafts with the increased mechanization of industry. When painting is done by dipping and spray guns, the painter is less an individualized, trained worker. In a modern automobile factory, the painter of today might be the machinist of tomorrow.

The company union has, from the employer's point of view, one great advantage. It does not involve the constant injection of so-called jurisdictional disputes which develop under national unions. Does this job belong to the stone mason or to the cement worker? If an iron bar is to be inserted in a wooden beam is the job one for an iron worker or a carpenter? (Exaggerated, perhaps, but not much.)

Combating strikes . . .

★ WHAT, if any, argument could the Federation advance why the employer should welcome an affiliation between his company's union and the Federation?

I asked that question of a spokesman for organized labor. His answer surprised me:

"In a greater security from strikes. Men are apt to think of the Federation as a great proponent of strikes. As a matter

of fact, the skilled leaders of organized labor, while recognizing the right to strike, are always slow and cautious in approving one. They realize that a strike is expensive, calls for much preparation and that a lost strike may be most damaging.

"The outburst of strikes that followed the organization of industry under NRA was almost entirely due to new unions and new members asking, 'When do we Strike?'"

Business views the Tugwell bill . .

★ A BUSINESS view of principles which should be taken into account in any new food, drug and cosmetic legislation is set forth in a report recently drawn by the Domestic Distribution Committee of the United States Chamber. These principles may be briefly summarized as follows:

There should be legislation requiring the same truthfulness in advertising such articles as is now required in labeling them.

Value of proper advertising as an economical, efficient means of distribution should be maintained as in the public interest. All attempts to restrict it as a means of reaching and developing markets should be resisted.

Government imposition of censorship, in any form, upon advertising should be opposed.

Discretionary powers to impose conditions upon manufacture and distribution should be given governmental administrative agencies only where, and to the extent, clearly necessary for effective enforcement of proper federal laws.

Legislative, administrative and punitive provisions should bear a definite relationship to the protection that is needed in the public interest.

These tenets run counter to some of the provisions in the original Tugwell Bill. Yet it is difficult to discern in them any bar to effective accomplishment of the specifically stated—and proper—purposes of that Bill. These, in the language of the Bill itself, were "to prevent the manufacture, shipment and sale of adulterated or misbranded food, drugs and cosmetics, and to regulate traffic therein; to prevent the false advertisement of food, drugs and cosmetics."

To these stated purposes the Bill added a vague "and for other purposes." It is those hidden "other purposes" and implications of such food and drug measures as the Tugwell Bill at which the set of principles here enumerated would properly strike.

Clean shirts . . .

★ WE HAVE until now kept aloof from the great shirt movement which has been agitating the world. We have never joined the Red Shirts of Russia, the Black Shirts of Italy, the Brown Shirts of Germany, the Blue Shirts, the Green Shirts, or the Yellow Shirts of various other portions of Europe. We have resisted the temptation to join William Dudley Pelley's Silver Shirts of America.

Now, however, we have decided to form our own shirt organization:

THE CLEAN SHIRTS OF AMERICA

Its purposes are simple. The one requirement of its members is that they shall put on a clean shirt as often as they think advisable giving regard to the day the laundry is due back, the state of the weather and the state of the wife's mind as to the shirt the member is wearing. Added to that duty, each member is urged, but not required, to mind his own business so far as may seem convenient.

The great strength of this organization lies in the fact that it is not "constructive." It has:

- No initiation fee
- No dues
- No officers
- No ritual
- No publication

No bill before Congress.

No member may ask another person to join. Anyone, white or black, male or female, old or young, may join by saying (to himself) "Aye." After that he need only put on a clean shirt when he thinks it is called for and mind his own business.

And if this movement fails we shall probably found

THE STUFFED SHIRTS OF AMERICA

whose great feature will be that no member will even know he is a member.

The Authorities authority . . .

★ NATION'S BUSINESS has repeatedly pointed out the great possibilities for good or evil in the Tennessee Valley Authority's plans, the problem put before existing power companies, the efforts to bring a new way of living to American citizens (see Dr. Morgan's interview on page 18 of this issue).

Another question is how far are these experiments to take us geographically. Shall power "authorities" swallow up a good part of the United States? What powers will they have?

Here are some of the powers which Senator Norris would have the Bureau of Reclamation exercise in the Missouri River valley. His bill (Senate 1973) would give the Bureau these among other powers:

1. The right to eminent domain.
2. Power to rent, purchase or erect transmission lines.
3. Power to construct power houses and power structures, either "steam or otherwise."
4. Right "to produce, transmit, distribute, and sell electric power."
5. Right "to undertake experiments for the distribution of electricity to farm organizations, municipal corporations, states and public subdivisions of states, counties, or municipalities."
6. Right to enter into contracts for the sale of power.
7. Power "to construct transmission lines to farms and villages which are not otherwise supplied with electricity at reasonable rates."

This Missouri River venture dwarfs the Tennessee Valley undertaking. In area, it embraces about 600,000 square miles, one-fifth of the area of the United States, compared with only 40,000 square miles in the Tennessee Basin. The potential water power of the Missouri River Basin is around 5,000,000 horsepower, compared with 1,500,000 horsepower in the Tennessee basin. Under complete development of the Tennessee River including interconnection and steam standby, the Army Engineers place its power possibilities at 8,000,000 horsepower.

The Missouri River basin includes the greater part of Montana, Wyoming, North Dakota, South Dakota, Nebraska and Missouri, about one-half of Kansas, one-fourth each of Colorado and Iowa, and a small corner of Minnesota. It extends into Canada and international relations are involved to some extent.

Can we stop federal spending? . .

★ PRESIDENT ROOSEVELT'S determination to end borrowing and check expenditures by the end of June, 1935, may be threatened by demands for further spending both by CWA and PWA.

We have seen in the case of civil works how strong that pressure can be. Communities that have once tasted direct federal relief find it hard to give it up.

In the case of the Public Works, where some liability falls upon the community, the pressure may be less insistent yet with the \$3,000,000,000 all or practically all allocated, the

demands keep coming in. In fact Administrator Ickes has urged that the organizations throughout the nation continue to file projects. Here are parts of a statement from his department:

The Administrator wired to all state engineers for PWA in the 48 states as follows:

"While it is true that money available is being rapidly allocated do not let this fact stop your getting in projects as fast as possible. So far as your state is concerned I want you to go ahead with your

projects without reference to date of January 1.

"Ickes, Administrator."

With the continuation of the public works program beyond the expenditure of the original fund undetermined, PWA pointed out it could not fully report on the desirability of enlarging the program until it knew what qualified projects remained.

If Congress has not changed its nature there is likely to be a pretty strong demand that these projects be put through. And the result may be devastating to our budget and threatening to our national credit.

Our New Gold Standard



SIMPLICITY is a point of great excellence in a monetary system. Applying the test, the country can now perceive, with a degree of surprise, that our own monetary system has received some simplification through a series of events culminating in the Gold Reserve Act of 1934, which was signed by the President on January 30, and was speedily followed with executive orders turning general statutory provisions into specific applications.

Difficult times always promote economic controversy. When gold and money are brought into the debate, vehement discussion rises. There is nothing new in all of this. It is an ancient phenomenon. One commentator recalling the ferocious battle of pamphlets in England during the depression which followed the Napoleonic Wars, and noticing the parallelism of war, crisis, and depression between those days of bitter events and present times, recently found the similarity "almost disturbing, if one believes in the progressive evolution of mankind toward something a little closer to the angels."

Recent stages of our own depression have produced their vigorous monetary discussions. Monetary policy, in fact simple in its essentials—inescapably simple, it has been well said—has been made to appear complex and mysterious. One debater has even sought to silence his compatriots by announcing that only a handful understand.

There is occasion for some satisfaction, therefore, in discovering rather suddenly, around February 1, that we had arrived at a perfectly well-known and understandable position, being upon the gold bullion basis for international purposes.

The significant characteristic of this basis is the increased efficiency it gives to monetary gold. Such efficiency has its chief usefulness in giving assurance against the effects of any shortage that may appear in future production of new gold below the needs of growing trade.

There may be questions about the methods which brought us to this position, both as to their necessity and their nature, and more questions regarding incidents along the way. But the fact remains that the event was not without its logic.

Since 1920 there has been steady development in finding ways to add effectiveness to gold for monetary and credit uses—or, in the more usual but somewhat misleading phrase, to economize gold. In all countries gold coin was taken out of active circulation and concentrated as reserves in central banks. In circulation a gold dollar is only one dollar; in a reserve it can adequately and properly support several dollars of bank credit or circulating medium.

The next step toward economy was taken in countries that ceased to redeem in gold coin and, instead, redeemed in gold bullion. This was a discouragement, but not a prohibition, against redemption for purposes that in effect took gold out of efficient use. A further step produces the international gold bullion standard, which gives a maximum efficiency to monetary gold. This standard was clearly envisaged by the Gold Delegation of the League of Nations in its report three years ago.

Under this standard, gold reserves are no longer threat-

ened by internal drain. The method of support of the domestic currency is described in the Macmillan report published in England in June, 1931. The primary duty of a central bank, this report said, "remains to keep the value of its notes at par with gold, but it fulfills this duty, not by an obligation to change its notes into gold coin, but by freely exporting gold bullion, or selling foreign gold balances, to maintain the par value of its exchange. The sole use of a gold reserve today is, therefore, to enable a country to meet deficits in its international balance of payments."

The gold standard to which we have returned, it is to be noticed, is distinctly an international gold standard. Although the gold standard in all of its forms is always essentially international and, when operating freely, performs its greatest function by bringing the price levels of commercial countries into stable relations one to another, thus producing conditions under which international trade can proceed in orderly fashion rather than as a series of adventures in speculation, the international feature of our new bullion standard gives it particular significance. Our new standard would seem to be at once an invitation and a challenge. It challenges other countries to follow us in returning to a gold standard providing for the greatest efficiency in monetary gold and it invites them to join with the United States in agreeing upon the gold values of their respective currencies, the values which, if properly determined in relationship to conditions in each country, will thereafter be closely maintained through the functioning of the bullion gold standard.

Those values, or "par points," are not easy to ascertain with the exactitude requisite for preventing unexpected disturbances in one country or another. Calm skill and lots of experience will be needed.

This is peculiarly a subject for central banks in close consultation with their governments, but an unexplained feature of the Gold Reserve Act took from our own reserve banks, our substitute for a central bank, their gold reserves. In return they received a promise that the Government will return to them gold bullion as and when the Government decides they need it to settle their international obligations. Such a condition of guardianship, whether nominal in its operation or positively restrictive, is scarcely compatible with the proper functioning of an international gold standard. The first essential is freedom of each central bank to respond readily to every shift in conditions. The failure of the gold standard which caused important countries to leave it was, by common agreement, due to restrictions upon its freedom to function. That danger certainly must be avoided for the future.

Perhaps it will prove that, when the difficult and crucial business of fixing par points has been accomplished, the Government will return the gold to the reserve banks. That would add to the possibilities of success for the bullion standard, and bring other important benefits, such as assurance that our reserve system is to be maintained in its full vigor.

So much depends upon the success of the bullion gold standard, now we are committed to it, that nothing should be allowed to stand in the way.

How to Keep Government Out of Business

By HENRY I. HARRIMAN

President of the Chamber of Commerce of the United States

✓ THE MATERIAL progress which this nation has made in the past decade, and can, with justification, hope to make in the future, should not be restricted to material things. The development of moral and ethical standards must keep pace with physical and material advancement.

The time is happily long gone when public office was sold to the highest bidder and ministers of the crown could use public trusts to build up private fortunes.

Through the past century, the recognized (though not always adhered to) standards of public office have steadily advanced. In the light of these standards, the acceptance by a public officer of more than his salary and the use of his office to promote personal gains stand condemned.

THESE same standards should become applicable with equal force to the management of business enterprises.

The economic organization and the political organization, in this respect, stand upon the

same footing. The officer of the corporation, chosen by vote of his stockholders, should assume the same responsibilities of trusteeship as the public official chosen by vote of the people, and the use of the office for personal gain is as reprehensible in the one case as in the other.

THE betrayal of trusteeship by public officers is now stigmatized as unethical, but it is necessary to carry the guiding principles of trusteeship to wider ends, to apply them to everyday business practice.

Management of the affairs of banks and large business corporations has, in many instances, a more direct bearing upon the lives and fortunes of the people than the exercise of the functions of political office.

The best guarantee of non-interference with business by Government is the recognition by corporate officials of their responsibilities not only to their stockholders but to their employees and to the public as a whole. Sound business demands it, sound morals compel it, and sound public policy makes it a necessity.

Using Magazines as Tools

ACTING on the premise that a better knowledge of customers' problems will result in an improved handling of business with them and may open up new and increased uses of its products, the Kalamazoo Vegetable Parchment Company has developed a novel method of keeping abreast of changes in its own and other industries.

Glenn Stewart, advertising manager for the company, explains the plan in a letter to NATION'S BUSINESS:

Once a week all sales department heads and their assistants meet to hear an oral summary of the editorial content and advertisements appearing in some 40 or 50 publications, not only of the paper indus-

try but of those industries to whom K.V.P. sells paper.

This oral summary requires cover to cover study of some ten or 15 journals a week and involves several hours' work on the part of whoever makes the analysis but is proving eminently worth while. The report is made in a rapid and terse style somewhat similar to that of news reporters on the radio. The men take notes of items they are particularly interested in for further study. Interruptions and short discussions are permitted.

Much of the information is immediately passed along to the salesmen in their territories as added indication that the home office is doing everything it can to keep them informed of all worth-while developments.

Once a month the head of our Research

Department, Dr. G. F. Des Autels, gives a similar summary in layman's language, of latest developments in science.

Instead of permitting the men to ease off on their reading, this program is apparently resulting in closer and more intelligent study of the various journals.

"NATION'S BUSINESS," Mr. Stewart adds, "always contributes a number of items of interest to these discussions."

To give a better idea of the actual operation of the plan, he sends along the review prepared from the December NATION'S BUSINESS:

From the December NATION'S BUSINESS. The Package Machinery Company of Springfield, Mass., have a two column ad on their

(Continued on page 64)

THIS KEY
will save your typists thousands of
needless motions every day



At a mere touch of this key, the motor returns the carriage to the starting position, or to an intermediate point, and spaces to the next writing line. Shifting for capitals is also electric. With these movements of the carriage controlled from the keyboard, the result is faster, easier typing.

BURROUGHS
ELECTRIC CARRIAGE
TYPEWRITER

BURROUGHS ADDING MACHINE COMPANY, DETROIT, MICH.

When phoning your local BURROUGHS dealer please mention Nation's Business

No Business Can Escape Change

★ **A new Diesel engine** eliminates crankshafts, camshafts, cylinder heads, valves and cylinder-head gaskets. Cylinders (four or six) are horizontal, construction is compact, weight per horsepower 13 to 20 pounds. . . .

For maintaining periphery speeds on grinding, polishing wheels, etc., there's a new, compact variable-speed pulley (for multi-V belts), diameter of which can be expanded or contracted. . . .

Designed for home workshops, a new electric router and shaper has an interchangeable power unit, is said to permit home wood-working operations heretofore tedious or impossible. . . .

Gripped, guided by one hand, a new, compact, one-pound electric grinder for touching off, dressing up parts, etc., has its motor built into its grip (diameter, $1\frac{5}{8}$ inches; length, $4\frac{1}{8}$). . . .

Floor-area economy features a new fire protection system for guarding drain boards, tanks and vessels containing flammable liquids. Built for stationary installation only, it's automatic in action, has all moving parts enclosed. . . .

A new carpet sweeper contains a windowed top through which its operation can be observed, keeps its brushes cleaned automatically by means of two fixed steel combs. . . .

A new type of shower curtain combination eliminates curtain rail and pins, uses two wall hooks and a fixture having two folding arms to support the curtain. . . .

Steam or hot water from the radiator heats and helps vaporize the water in a new humidifier. It attaches to the end of the radiator, has an electric heating element as a "booster" when used on hot-water, certain steam radiators. . . .

Another new humidifier forms a radiator enclosure, contains an automatically supplied water pan and aerated gypsum slab "wicks." . . .

Overhead cables and machinery are eliminated in a new residence elevator; the car's supported by a threaded steel column housed, with electric operating mechanism, in the basement. An under-counter dumb-waiter of similar construction is also offered. . . .

Power companies are offered a new demand meter which is said to register demand with great accuracy, to avoid the mechanical difficulties of periodically tripping and resetting mechanisms. . . .

An electrical process has been perfected by which adherent protective coatings of hard or soft rubber are readily, rapidly applied to metallic parts and surfaces of any shape. . . .

A new rapid-drying, general-purpose interior finish is said to be acid and alkali-proof, impervious to water, grease, oil, chemical fumes, usable on walls, floors, machines without primer. . . .

There's a new portable electric wall lamp which attaches to any wood or plaster surface with a push pin. . . .

NEW products mean new business, often new markets, new modes of life. Every business man must note them well if he and his business are to keep abreast of the moving parade

A new fumigant, a colorless, volatile, noninflammable liquid having scarcely any odor, is said to kill insect pests and eggs, to be harmless to man. . . .

A novel clip in a new filing folder allows papers to be bound into the folder without pre-punching them, hides but one corner of the papers, permits them to be easily leafed through, removed. . . .

Envelopes are quickly given air-mail markings—colored stripes and words—by a compact new marking device, equipped with inked rollers, which is simply drawn across the paper. . . .

A new, compact, simplified device for removing condensate from steam condensing apparatus, heating and processing machines, presses, etc., has no moving parts, depends for its operation entirely upon the natural properties of steam and hot water. . . .

Stoker and steel tubular boiler are built as a unit in a new automatically controlled heating installation. It's said to burn soft coal smokelessly, to require no brick work. . . .

Salt-water weed and shell growth on tarred fish-net webbing is said to be reduced, service strength of the webbing increased through a treatment involving a newly-developed mercury compound. . . .

Equipment is now available whereby the cotton fibers, as well as the rubber, can be salvaged mechanically from old rubber tires. Heretofore only the rubber has been reclaimed. . . .

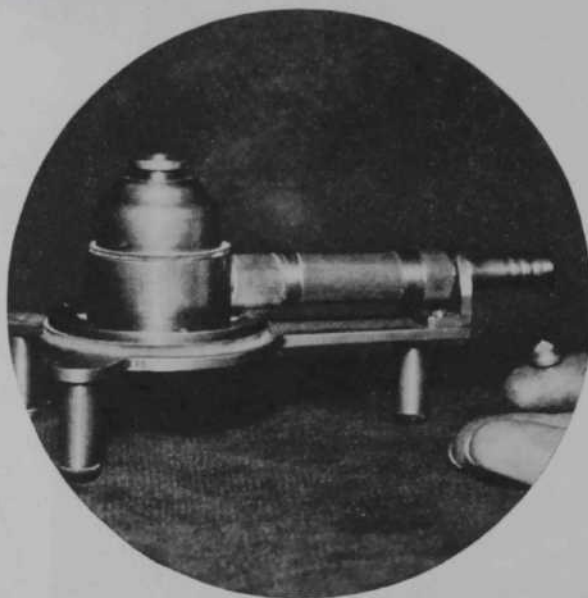
Aluminum is given a brightness approaching that of silver by a new electrolytic process. Broadened use of the metal for lighting reflectors, pocket mirrors, household appliances, etc., is seen. . . .

A new moderate-priced checkwriter is operated by keys instead of the conventional levers. Equipped with standard keyboard, it resembles a key-operated adding machine. . . .

A new electric clock for the office desk embodies a timing device for long-distance calls—touch a button atop the clock when you start talking and colored lights flash around the dial at 15-second intervals until a red light signals three minutes. . . .

—PAUL HAYWARD

EDITOR'S NOTE—Material for this page is gathered from the many sources to which NATION'S BUSINESS has access and from the flow of business information into our offices in Washington. Further information on any of these items can be had by writing us.



Spun by compressed air or gas, the tiny rotor (right) whirls 1,200,000 times a minute, said to be the fastest yet. The centrifuge is of limited practical use at present

Financial Independence through Life Insurance



ONE of the greatest satisfactions in life is to know that you can pay every dollar you owe today and that in the future, when you will want leisure, you and your wife will have a fixed income sufficient for your needs.

People with such a fixed income are better able to enjoy their lives than those who have no such assurance. They have less worry, more peace of mind.

A Program of Life Insurance, carefully planned and carried out, is a sure means to achieve present and future financial independence. There are certain questions which are bound to enter the mind of the man who is planning such a Program. Can he be sure that his children will be properly educated? Will he be able to retire

at 60 or 65? Must he sacrifice his plan for independence if an accident forces him to give up work temporarily? Then the big question: Can he make certain that his wife will never be left penniless?

A Program of Life Insurance will take care of each one of these problems. Talk to a Metropolitan Field-Man. Tell him how big or how small a fixed income would bring financial independence to you when you retire. And what is the least that you would want your wife to have each week, if you couldn't hand it to her yourself?

Do you want to have the independence which only money can provide? Send for the Metropolitan Field-Man or mail the coupon.

Have a well-rounded Program of Protection. The Metropolitan's contracts afford a means to

- create estates and incomes for families
- pay off mortgages
- educate children
- provide income in the event of retirement
- establish business credits
- stabilize business organizations by indemnifying them against the loss of key-men
- provide group protection for employees covering accident, sickness, old age and death
- provide income on account of disability resulting from personal accident or sickness.

Metropolitan policies on individual lives, in various departments, range from \$1,000 up to \$500,000 or more, and from \$1,000 down to \$100 or less—premiums payable at convenient periods.

The Metropolitan is a mutual organization. Its assets are held for the benefit of its policyholders, and any divisible surplus is returned to its policyholders in the form of dividends.

Metropolitan Life Insurance Company,
1 Madison Avenue, (N)
New York, N. Y.

I am interested in learning how I may obtain financial independence through Life Insurance. Without obligation on my part, please send me information as to how I may develop a program of life insurance for myself.

NAME _____
ADDRESS _____
CITY _____
STATE _____



METROPOLITAN LIFE INSURANCE COMPANY

FREDERICK H. ECKER, PRESIDENT • • • ONE MADISON AVE., NEW YORK, N. Y.

© 1934 N. L. I. CO.

When writing to METROPOLITAN LIFE INSURANCE COMPANY please mention Nation's Business

NOW ADVERTISING IN FORTUNE

March, 1934

- A**
ABBOTT, HOPPIN & CO.
 Members New York Stock Exchange
 Agency—J. WALTER THOMPSON CO.
ALL-YEAR CLUB OF SO. CALIF., LTD.
 A Southern California vacation (Booklet)
 Agency—LORD & THOMAS
ALUMINUM COMPANY OF AMERICA
 Aluminum containers for freighting
 Agency—GARDINER ADV. CO.
AMERICAN ASPHALT PAINT CO.
 Valuable Waterproofing products (Booklet)
 Agency—THE CAPLES CO.
AMERICAN EXPRESS CO.
 Official agents of the Pession Play
 Agency—THE CAPLES CO.
AMERICAN SHEET & TIN PLATE CO.
 Modern usage of Stainless Steel
 Agency—SMITH, SCHREIBER & SMITH, INC.
AMERICAN-SOUTH AFRICAN LINE
 Direct passenger service to the Africa
 Agency—FRANK GUENTHER CO.
AMERICAN TELEPHONE & TELEGRAPH CO.
 The telephone as a salesman
 Agency—N. W. AYER & SON, INC.
AMERICAN TOBACCO CO.
 Lucky Strike cigarettes
 Agency—LORD & THOMAS
ASSOCIATED GAS & ELECTRIC CO.
 Communities served by Associated System
 Agency—DANIEL STARCH & STAFF
AXTON-FISHER TOBACCO CO., INC.
 "Good—smokeable—cheap" cigarettes
 Agency—KENTON & ECKHARDT, INC.
- B**
BAD NAUHEIM
 Resort for your health and heart
 Agency—SMITH, SCHREIBER & SMITH, INC.
JAMES W. BELL & CO.
 Gentlemen's tailors—formal day attire
 Agency—KETCHUM & GROVE
BUICK MOTOR CO.
 Points about the new Buick
 Agency—CAMPELL-ERWALD CO.
- C**
CANADIAN PACIFIC RAILWAY CO.
 To Honolulu and the Orient (Booklet)
 Agency—KENTON & ECKHARDT, INC.
CHESAPEAKE & OHIO RAILWAY
 The George Washington
 Agency—CAMPELL-ERWALD CO.
CHEVROLET MOTOR CO.
 An appeal to the commissioner
 Agency—CAMPELL-ERWALD CO.
CHRYSLER SALES CORP.
 All-new Chrysler in four models
 Agency—LEE ANDERSON ADV. CO.
CLARK GRAVE VAULT CO.
 One-piece metal grave vault
 Agency—HENRI, HENRY & McDONALD, INC.
COLDWELL LAWN MOWER CO.
 Rolling and mowing in one operation
 Agency—MOORE ADV. CO.
COMMERCIAL NATL. BANK & TRUST CO.
 Loans for business needs
 Agency—LORD & THOMAS
CONTINENTAL CAN CO.
 Oil in sealed cans
 Agency—BATTEN, BARTON, DORRISTINE & OSBORN
CONTINENTAL DISTILLING CORP.
 Diala Belle Gin
 Agency—AL PAPE LEPTON CO.
CRANE & CO.
 A remarkable new Crane's papers
 Agency—CALKINS & HOLMES
CUNARD LINE
 Liner and shipper ship comparisons
 Agency—L. D. WERTHEIMER CO., INC.
CURTISS AEROCAR CO., INC.
 A "driving room on wheels" (Catalog)
 Agency—LOONIS & HALL, INC.
- D**
DANUBE PRODUCTS, INC.
 Royal Tokay Wines of Hungary (Brochure)
 Agency—FULLER & SMITH & HORN, INC.
J. C. DEAGAN, INC.
 Tower dishes for memorials
 Agency—ROBERTS-GARD ADV. AGENCY
DEL MONTE HOTEL
 Historic sketch of California, 4th of series
 Agency—LORD & THOMAS
DE SOTO MOTOR CORP.
 Features of the new Airflow De Soto
 Agency—J. STIRLING GUTCHELL, INC.
ELSIE DE WOLFE
 Indirect lighting in the home
 Agency—MAXON, INC.
DICTAPHONE SALES CORP.
 Automatic Monitor on new Model 12
 Agency—McCANN-ERICKSON, INC.
DOMINICK & DOMINICK
 Members New York Stock Exchange
 Agency—J. WALTER THOMPSON CO.
R. R. DONNELLEY & SONS CO.
 Litho Press, complete printing service
 Agency—FREDERICK & MITCHELL, INC.
DYER, HUDSON & CO.
 Members New York Stock Exchange
 Agency—ALBERT FRANK GUENTHER LAW, INC.
- E**
EASTMAN KODAK CO.
 Cine-Kodak "K" for home movies
 Agency—J. WALTER THOMPSON CO.
THE EGRY REGISTER CO.
 Very Speed-Feed for billing
 Agency—THE PROCTOR & COLLIER CO.
- F**
FARMER'S DEPOSIT NATIONAL BANK
 Identified with Life Insurance Industry
 Agency—KETCHUM, MACLEOD & GROVE, INC.
FIRESTONE TIRE & RUBBER CO.
 Process of Gum-Dipping Firestone Tires
 Agency—SCHAEFF & JAMES CO.
FISHER BODY CORP.
 Body by Fisher—No Draft Ventilation
 Agency—EDWIN, VASEY & CO.
FLEETWOOD HOTEL
 A Delvill operated hotel in Miami Beach
 Agency—CHARLES L. BURNS
FRANKFORT DISTILLERIES, INC.
 Paul Jones and Antigua whiskeys for jobs
 Agency—YOUNG & RUBICAM, INC.
FRENCH LINE
 Life on board France-Afloat
 Agency—N. W. AYER & SON, INC.
FRIGIDAIRE CORP.
 Air Conditioning
 Agency—THE GUYEN CO.
- G**
GENERAL ELECTRIC CO.
 Lamp testing service
 Agency—KORTZ & DAVIES, INC.
GERMAN TOURIST INFORMATION BUREAU
 1514 Madison Pl. in Oberammergau (Booklet)
 Agency—SMITH, SCHREIBER & SMITH, INC.
GEYER-CORNELL CO.
 The winning custom of events
 Agency—KORTZ & DAVIES, INC.
GOODERHAM & WORTS, LTD.
 American Bourbon and Rye; Canadian Whiskey
 Agency—FLETCHER & ELLIS, INC.
GOODSPEED'S BOOKSHOP, INC.
 A fine first edition for sale
 Agency—MATTHEW M. DORRISTINE
GOODYEAR TIRE & RUBBER CO., INC.
 All-Weather tread for wet pavements
 Agency—EDWIN, VASEY & CO.
GRAY & LAMPEL, INC.
 Sporting and mullifall
 Agency—BERKINGHAM, CASTLEMAN & PIERCE
GREAT NORTHERN RAILWAY
 A Glacier Park vacation
 Agency—HERSCHEL ELLIS CO.
GULF REFINING CO.
 Products of petroleum products
 Agency—YOUNG & RUBICAM, INC.
- H**
W. F. HALL PRINTING CO.
 Nationalize through magazine advertising
 Agency—McCANN-ERICKSON, INC.
HARRISBURG PIPE & PIPE BENDING CO.
 Forged and seamless steel
 Agency—ROBERT P. CLAIR CO.
HERCULES POWDER CO., INC.
 Chemical products and their uses
 Agency—CROSS & LEBLANC, INC.
M. HONNER, INC.
 Piano accordion (Booklet)
 Agency—ATHERTON & CURRIER, INC.
HORNBLLOWER & WEEKS
 Members New York Stock Exchange
 Agency—ALBERT FRANK GUENTHER LAW, INC.
HOTEL PIERRE
 The Georgian and Neofine Rooms
 Agency—ANDREW CONE AGENCY
- I**
INDIA STATE RAILWAYS
 Two weeks in Southern India
 Agency—KENTON & ECKHARDT, INC.
INTERNATIONAL SILVER CO.
 Gallium—an 18th century design
 Agency—YOUNG & RUBICAM, INC.
INTOURIST, INC.
 Serving the U. S. & H. (Booklet)
 Agency—SMITH, SCHREIBER & SMITH, INC.
- J**
JACOBSEN MFG. CO.
 Power lawn mowers in four models
 Agency—WESTERN ADV. AGENCY
JOHN HANCOCK MUTUAL LIFE INS. CO.
 Annuity Income (Booklet)
 Agency—LIVERMORE & KNIGHT CO.
JONES & LAUGHLIN STEEL CORP.
 Eighty-three years of experience
 Agency—KETCHUM, MACLEOD & GROVE, INC.
- K**
KELVINATOR CORP.
 Four refrigerators in one
 Agency—BROOKS, SMITH & FRENCH, INC.
KIMBERLEY-CLARK CORP.
 Kleenex printing paper
 Agency—FERT-HART ADV. CO.
- L**
LABOURETTE & CO., INC.
 Mince & Flouren Champagne
 Agency—BATTEN, BARTON, DORRISTINE & OSBORN
R. A. LASLEY, INC.
 Part building for management
LIBERTY MAGAZINE
 Reflecting contents of Interest (Booklets)
 Agency—FLETCHER & ELLIS, INC.
LINCOLN MOTOR CO.
 The two-wheel town sedan
 Agency—N. W. AYER & SON, INC.
- M**
MATSON NAVIGATION CO.
 Pacific travel
 Agency—BOWMAN-DUKE-CHAMBERLAIN, INC.
THE R. C. MAXWELL CO.
 Electric signs for outdoor advertising
MCALL CO.
 The New McGill's in three sections
 Agency—BATTEN, BARTON, DORRISTINE & OSBORN
MCNEEL MARBLE CO.
 Builders of Memorials (Catalog)
 Agency—TUTTILL ADV. AGENCY, INC.
MEREDITH PUBLISHING CO.
 "Successful Farming"
 Agency—HOMER MCKEE, INC.
METROPOLITAN LIFE INSURANCE CO.
 The "Growing Pains" delusion
 Agency—HAWLEY ADV. CO.
MILLS NOVELTY CO.
 Vending machine manufacturers
- N**
NATIONAL CASKET CO., INC.
 An embalming (Booklet)
 Agency—BATTEN, BARTON, DORRISTINE & OSBORN
NATIONAL STEEL CORP.
 Its various steel-producing units
 Agency—BATTEN, BARTON, DORRISTINE & OSBORN
ALFRED NELSON CO.
 Tailors—breaches makers
 Agency—KETCHUM & GROVE
NIPPON YUSEN KAISHA LINE
 Summer round trip rates to Japan
 Agency—THE CAPLES CO.
NUNN-BUSH WELDON SHOE CO.
 Ankle-fashions oxfords
 Agency—NEUBER-METTERHOFF, INC.
- O**
OTIS ELEVATOR CO.
 Country-wide Maintenance Service
 Agency—N. W. AYER & SON, INC.
OUTDOOR ADVERTISING, INC.
 On the job morning, noon, and night
 Agency—UNITED ADV. AGENCY, INC.
- P**
PACKAGE MACHINERY CO.
 Machines for particular types of wrapping
 Agency—JOHN O. POWERS CO.
PACKARD MOTOR CAR CO.
 A new way to choose a car
 Agency—YOUNG & RUBICAM, INC.
PARK & TILFORD IMPORT CORP.
 Val 89 Liqueur Scotch Whisky
 Martell's Cognac Brandy
 Heidsieck Dry Monopole Champagne
 Booth's Gin
 Agency—CHARLES M. STORM CO.
PATERSON PARCHMENT PAPER CO.
 Papyrus—the vegetable parchment
 Agency—PLATT-FORNER, INC.
PICTORIAL REVIEW
 An advertisement for men who okay bills
 Agency—PHILIP KOBEL, INC.
PIERCE-ARROW MOTOR CAR CO.
 A frequent customer on 1934 Pierce-Arrow
 Agency—BATTEN, BARTON, DORRISTINE & OSBORN
E. A. PIERCE & CO.
 Members New York Stock Exchange
 Agency—J. WALTER THOMPSON CO.
PITTSBURGH PLATE GLASS CO.
 Duplate Safety Plate Glass
 Agency—B. B. D. & O., INC.
PLYMOUTH MOTOR CORP.
 Mr. Chrysler discusses the Plymouth
 Agency—J. STIRLING GUTCHELL, INC.
PREMIER-PABST SALES CO.
 Pilot Blue Ribbon Beer
 Agency—MATTHEW-FUGARTY-JORDAN CO.
QUAKER STATE OIL REFINING CO.
 A woman endorses Quaker State
 Agency—KENTON & ECKHARDT, INC.
- R**
THE RED RAVEN CORP.
 Billy Baxter Highballs; Spills
 Agency—ALVIN ADV. AGENCY
REMINGTON-RAND, INC.
 Powers Accounting Machines
 Agency—FRETSTADT-JURASCHKE, INC.
REPUBLIC STEEL CORP.
 Modern uses of steel
 Agency—MELDRUM & FENWORTH, INC.
R. J. REYNOLDS TOBACCO CO.
 Mrs. James Russell Lowell endorses Camels
 Agency—WILLIAM ERTS & CO., INC.
- RITZ-CARLTON HOTEL**
 The Great Restaurant for lunch or dinner
 Agency—FRANK GUENTHER CO.
RUTHRAUFF & RYAN, INC.
 Cardinal's physician from 1910
- S**
SCHICK DRY SHAVES, INC.
 Shave razors
 Agency—BRIDGE & VARELY
E. H. SCOTT RADIO LABORATORIES, INC.
 Custom-built, all-wave radio
 Agency—KUTLAND-ENGEL CO.
O. M. SCOTT & SONS CO.
 Build's Grouping Unit for laws (Booklet)
 Agency—THE JAY H. MAISH CO.
EDWARD B. SMITH & CO.
 Members New York Stock Exchange
 Agency—ALBERT FRANK GUENTHER LAW, INC.
H. A. & E. SMITH, LTD.
 Polo coats
 Agency—WALKER ADV. CO., INC.
SOCONY-VACUUM CORP.
 Gasoline lubricating oils
 Agency—THE BLACKMAN CO.
E. R. SQUIBB & SONS
 Squibb's Dental Cream
 Agency—GUYER-CORNELL CO.
STERLING ENGINE CO.
 Diesel oil engine (Catalog)
 Agency—ANDERSON-VARS, INC.
STROMBERG-CARLSON TELEPHONE MFG. CO.
 Loud speaker in ceiling of stair hall
 Agency—STEWART, HANFORD & FISHMAN, INC.
- STUDEBAKER CORP. OF AMERICA**
 Define (Illustration) - Skyway Size
 Agency—ROCHE WILLIAMS & CUNYNGHAM INC.
A. SULK & CO.
 Four-in-hands, tow ties and Autos
 Agency—KETCHUM & GROVE
SWISS FEDERAL RAILROADS
 Mountain Republic scenery
 Agency—LOUNSBURY INTERNATIONAL, INC.
- T**
TALBOT J. TAYLOR, JR., INC.
 Estate with lake and island
 Agency—CHRYSLERIAN PRESS
W. A. TAYLOR & CO.
 Martini & Rossi Vermouth
 Famous Irish Whiskey
 Agency—RICHARDSON, ALLEY & RICHARDS CO.
TECLA CORP.
 Culture pearls from Oriental sister beds
 Agency—H. E. LEBAN ADV. AGENCY, INC.
J. WALTER THOMPSON CO.
 First in Good Housekeeping's smart report
TRIMMING BROTHERS
 English workmen
 Agency—WALKER ADV. CO., INC.
F. R. THRIPLER & CO.
 Current costs for town and business wear
 Agency—FEDERAL ADV. AGENCY
- U**
UNION CASTLE LINE
 South Africa via England
 Agency—L. D. WERTHEIMER CO., INC.
UNITED FRUIT CO.
 Cruising on the Great White Fleet
 Agency—WENDELL P. COLLEEN CO.
UNITED STATES LINES
 Cabin liner service to Europe
 Agency—LORD & THOMAS
- W**
HIRAM WALKER & SONS
 Canadian Club Whiskey
 Agency—CAMPELL-ERWALD CO.
WAYNE OIL BURNER CORP.
 Wayne Mistoli Burner
 Agency—BONNIE, INC.
WAYSIDE GARDENS CO.
 Snow-blooming Christmas Rose
 Agency—TUTTILL ADV. AGENCY, INC.
WESTON ELECTRICAL INSTRUMENT CORP.
 Weston Ché Ensign Meter
 Agency—G. M. BARFORD CO.
WETZEL
 Gentlemen's tailors for fifty years
 Agency—LUPTON & CO.
WHAT CHEER LAUNDRY CO.
 Blanket cleaning service
 Agency—DANIELSON & SON
WHITE ROCK MINERAL SPRINGS CO.
 White Rock combination
 Agency—NEWELL-EMMETT CO., INC.
R. C. WILLIAMS & CO.
 Member Champagne—Vintage of 1926
 Agency—BLAKER ADV. AGENCY
H. WOLFF
 Special bindings of Fortune
WORLD PEACEWAYS, INC.
 Dramatizing the cost of war
 Agency—BATTEN, BARTON, DORRISTINE & OSBORN
RUDOLPH WURLITZER CO.
 Rebuilding Pipe Organs (Brochure)
 Agency—THE KEEGL & STYER CO.
- Y**
YORK ICE MACHINERY CORP.
 York air conditioning
YOUNG & RUBICAM, INC.
 A quotation from Mark Twain

Fortune

ITSELF IS THE BEST REASON
FOR ADVERTISING IN

Fortune

IN JANUARY, advertisers bought more lineage in FORTUNE than in any previous January—112% more than last year—more, indeed, than they bought in any monthly (or semi-monthly) publication, including all women's magazines. Only The Saturday Evening Post, Time, The New Yorker, and Collier's—all weeklies—carried more January lineage than FORTUNE.

IN FEBRUARY, FORTUNE showed an 88% gain over February, 1933—and carried more lineage than any non-weekly publication (excepting only Vogue, and Motor Boating's Show Issue), and including all other women's magazines. (Weeklies' figures not yet available.)

THE MARCH FORTUNE CARRIES MORE LINAGE THAN ANY ISSUE IN FORTUNE'S HISTORY, AND REPRESENTS A GAIN OF MORE THAN 125% OVER THE ISSUE OF MARCH, 1933.

THE CONFIDENCE

OF THE PEOPLE WHO MAKE THE WHEELS GO 'ROUND

Advertisers are flocking to FORTUNE because they know it is delivering the editorial goods.

The novelty is long since gone out of FORTUNE. For at least three years now, subscribers have renewed @ \$10-a-year and new subscribers have sent in their checks for \$10 "over the transom" because of something else besides handsome pictures and a striking format.

The plain fact is that FORTUNE would have a very substantial circulation* at \$10 a year even if its text were mimeographed on wrapping paper and served up without benefit of illustration—and therein lies its real triumph.

FORTUNE long ago discovered that the easy or opinionated generalities of professional writers-of-articles failed to excite men of large affairs, who could see at a glance that they knew more than the writers. FORTUNE, therefore, put no faith in "contributors", but relied entirely on stories worked over and reworked many times by its own staff. To learn more than the best-informed about every subject it touches and to offer its findings clearly and dramatically—this has been the ideal of FORTUNE from its inception.

FORTUNE had to evolve a new technique of research and apply it to subjects loaded with dynamite. The result has been a succession of notable and revealing stories—the hard won fruit of resourceful investigation, of expensive travel, of contacts in high places, of endless puzzling and rewriting.

FORTUNE's reward is the continued presence on its subscription list of thousands of men whose names at once suggest success, profound experience, inside knowledge, and a *vast skepticism regarding people who write.*

FORTUNE has won the confidence and the eager interest of men and women who move in the best-informed circles. They are now turning to FORTUNE for new insights into the complex relationships of Recovery. To many of the ablest men in industry, government, and finance FORTUNE has become the most important single magazine in America.

The shrewdest buyers of space are leading the parade of advertisers into FORTUNE. They know that its big pages enjoy the confidence of the people who make the wheels go 'round.

* FORTUNE @ \$10-a-year now attracts more than 90,000 subscribers—without benefit of promotion—without the usual circularizations, without selling crews, without cut rates. FORTUNE's only circulation "tricks" are to encourage subscribers at Christmas time to give gift subscriptions to friends @ \$10 for the first subscription and \$7 for each other; and to permit 4,675 advertising men to have the magazine @ \$5 a year, in lieu of a free-list. Beyond this no one gets FORTUNE at less than \$10 a year.

Fortune *ITSELF IS THE BEST REASON* **Fortune**
FOR ADVERTISING IN

Future Protection of the Jobless

By M. B. FOLSOM Asst. Treasurer, Eastman Kodak Company

✓ **ALTHOUGH** the British dole system has been widely criticized in this country, our present system of administering relief to the families of the unemployed is nothing but the dole. In fact, in many parts of this country, relief is handled less systematically, economically or humanely than under the British system.

The result is a widespread search for better methods of meeting the situation either by law or by individual effort. The methods most often discussed are unemployment insurance and unemployment reserves. They are quite different things.

Under an unemployment insurance plan an attempt is made to measure the risk of unemployment and to establish an adequate premium to cover that risk.

The risk of unemployment is more difficult to measure and predict than other risks generally insured against—death, illness, accident, old age, or fire. For this reason insurance companies have not entered this field. Experience in Great Britain, Germany and other foreign countries indicates that unemployment insurance cannot be put on a sound basis.

Under a plan of unemployment reserves, an individual company or industry accumulates a fund from which benefits are paid during a specified period to regular workers laid off because of slack work. The total benefits paid are limited by the amount in the reserve fund. Such a plan influences the employer to stabilize and yet, should it become necessary to lay off workers, unemployment benefits can be paid for a limited time.

Before the present depression, 13 companies in this country had unemployment benefit plans. In 1930 the General Electric Company inaugurated its plan; 19 companies in Rochester adopted the Rochester Unemployment Benefit Plan in 1931; and a few other companies elsewhere have adopted plans recently. Approximately 40

INDICATIONS are that the force of the Federal Government will be used to make unemployment benefits compulsory. One bill for this purpose is being prepared. Mr. Folsom helped draft the U. S. Chamber's unemployment benefit plan and also the Rochester plan. He served on the New York Commission which studied the subject. His article will help you estimate what will be expected of you under the various forms government action may take

companies with some 125,000 workers in normal times now have unemployment benefit or reserve plans.

The Rochester plan with a few minor

modifications was recommended for employers generally by the U. S. Chamber of Commerce in 1931. Under this plan, each company will build up its own reserve fund by annual appropriations up to two per cent of the pay roll until the fund reaches a maximum of five annual appropriations. All employees who have been with the company a year or more and who earn less than \$50 a week are eligible for benefits.

Pay for unemployed

THE unemployment benefit is 50 per cent of the employee's average earnings with a maximum of \$18.75 a week. Benefits begin after two continuous weeks of unemployment. The number of weekly benefits to be paid varies with the length of service, with a maximum of 13 weeks in 12 consecutive months. Employees working less than 50 per cent of normal time will receive in benefits the difference between their actual earnings and the full benefits to which they would be entitled.

Because of the greater simplicity of administration and because the employees will be bearing a great part of the cost of unemployment any—
(Continued on page 65)



A proper system of unemployment reserves would benefit everyone in future depressions



Mr. Proctor Patterson, President of the W. S. Tyler Co., who says a few words on the subject of paper... also oil, foods, drugs and buildings

BY YOUR AID, THE FOREST
CHANGES TO

Reading Writing and Wrapping

Background of the above panel is an actual photograph of the Tyler Monel Metal Wire Cloth

"THE magazines and newspapers you read...the stationery on which you write your letters...the wrappings that protect your purchases...all are made, with few exceptions, with the aid of Monel Metal.

"Paper makers use large quantities of Monel wire cloth on cylinder molds, in filters, wood pulp washers and save-alls, where acid and alkaline conditions and abrasive action are severe.

"The Monel screens eliminate frequent shutdowns for 'wire' repairs and replacements, and insure increased production and improved quality.

Double Protection

"Paper manufacturers employ this Tyler Monel fabric because they discovered, 20 years ago, that Monel Metal is highly resistant to the active, corrosive chemicals extensively used in paper

mills, as well as absolutely rust-proof.

"The reliance that paper makers place on Monel wire cloth is paralleled in many other fields. By makers of foods, producers of drugs and chemicals, and refiners of oil.

"They employ Tyler Monel Metal sieves and filters both to assure the mechanical fineness of their products and to protect against any possibility of contamination.

"In addition to its wide use in industrial processes, Tyler Monel Metal wire fabric of coarser weave is employed to ornament elevator cars, guard tellers' cages and do duty in countless similar architectural applications."

★ ★ ★

Wherever corrosion, wear or rust must be guarded against, you find Monel Metal the standard material employed

at every point subject to their attack.

It is widely used in the equipment of laundries, dye-houses and chemical plants; in the pickling departments of steel mills, and in power plants; in hotels, restaurants and hospitals; in canning, packing and preserving plants; and in the manufacture of many different kinds of merchandise.

Because Monel Metal is strong, resistant to corrosion and strikingly beautiful, it is widely used in kitchens; for sinks, cabinet tops, range tops, hot water tanks and tables.

In your business, is there a place where Monel Metal could be employed to advantage? Are others in your industry using Monel to speed production, cut costs, or increase the attractiveness and salability of their goods? A line to us will bring you complete information. Write today.

THE INTERNATIONAL NICKEL CO., INC., 67 Wall Street, New York, N. Y.

MONEL METAL



Monel Metal is a registered trade-mark applied to an alloy containing approximately two-thirds Nickel and one-third copper. Monel Metal is mined, smelted, refined, rolled and marketed solely by International Nickel.



New Ideas in Selling

NEW products, new markets perforce must bring new selling plans and policies. The selling of an article, no less than the article itself, must be in tune with the times

★ A "NEIGHBORHOOD service" plan has been evolved under which one automobile manufacturer is reported to be encouraging his dealers each to acquire a gasoline station, to make themselves chief sources of supply in their areas for gasoline, oil, repairs. One object: more contacts with car owners—one feature of the plan calls for parking a demonstration car at the station, use of which will be available to motorists while their own cars are being serviced.

Coffee and tea on wheels

COFFEE brewing demonstrations are carried direct to consumers by a Texas coffee roasting company. A trailer truck fitted up with complete coffee making equipment and loudspeaker is used to visit various Texas cities, where consumers are served coffee brewed on the truck. A New York tea packer similarly demonstrates his tea, with talking motion pictures as an added attraction.

Now it's sealed grease

THE sealed-container-for-motor-oils idea is extended to chassis lubrication through a new merchandising and dispensing system involving a specially developed grease gun, loaded simply by inserting a sealed tin cartridge containing the desired lubricant.

Wooing women

ORDINARILY few women customers call at retail lumber yards. A western dealer induced feminine prospects personally to inspect his stock of lawn furniture, cabinets, etc., by mailing each a single gardening glove, accompanied by a note saying that the mate could be had at the yard.

Special

"THE Train of Hardware Progress"—a seven-car special train sponsored by a Duluth wholesale hardware company—recently toured Minnesota, North Dakota and eastern Montana, rolled to a stop in 29 towns. Carrying the market to the merchant, the cars contained displays of the company's various lines of merchandise. Accompanying the train were executives of the company, department

managers and manufacturers' representatives, while traveling representatives joined in at various points.

New in packages

"STORMY WEATHER" is the title of a new "book" appearing on shop counters; opened, it's revealed as a container for a new light-weight raincoat. . . . Coal, like coke, is now being sold in dust-tight paper sacks; they weigh 25 and 40 pounds, are chucked into the furnace sack and all.

Selling by taste

A MANUFACTURER of sausage casings follows the long, long selling trail down through sausage manufacturer and retailer to the ultimate consumer with a "taste it" plan under which retailers are encouraged to tempt the taste of shoppers with tidbit samples. Small pieces are proffered on a platter, with toothpicks for easy handling. The plan's

by a western department store. To game-loving purchasers the store offers, for a fee, to stamp roulette layouts on the backs.

A sales aid for brushes

A BRUSH manufacturing company is spurring paintbrush sales by providing, at slight additional cost, metal covers which are said to keep the brushes pliable and ready for re-use without the necessity of thoroughly cleaning them. The cover consists of an inner sheath and an outer cup which forms an airtight seal with the brush.

Pursuing overdue dollars

A DENVER bank, through its personal loan department, has worked out a cooperative plan for collecting overdue accounts with several large retail stores. Under the plan, the bank refinances such accounts and in some cases, where one individual owes accounts at several stores, combines them into one loan. Loans are repayable in fixed installments, plus interest. Stores guarantee the individual's note, or such part as is represented by its account. The stores thus get their money at once, the individual, it is said, is more prone to meet his obligation and thus preserve his bank credit.

Tells all

CURRENT trend toward educating the consumer is forwarded by a northwestern voluntary food chain which buys advertising space to give away trade secrets. Boxed space in this chain's week-end bargain advertising is used for frank discussions of such trade terms and practices as loss leaders, "one to a customer" sales, etc.

Odd lots

TUNA'S now being canned in aluminum; it's said to improve flavor by preventing corrosion in the can, also to economize in shipping weight. . . . Now it's dated neckties—in one line purchase date is stamped on the lining to assure a full year's wear. . . . Figuring selling prices and profit percentages is made easy by a new cardboard double-disc device which automatically computes these data. . . . American males will take their tea and like it if a cooperative advertising campaign projected by the tea-packing industry is successful. . . . Similarly, railroad advertising men are dallying with the idea of a cooperative campaign to paint the joys of riding the "kivered cars."

—PAUL HAYWARD



Rolled hosiery is given a new meaning with this new package. The box suggests an organ, the pipes of which are wrapped rolls of hosiery

said to be especially helpful in introducing new sausage products.

Making a fad sell pads

ENTERTAINMENT as well as utilitarian value is lent heat-proof dining table pads

EDITOR'S NOTE—Further information on any of these items can be had by writing us.

"OPEN YOUR EYES TO THIS FAILURE ZONE

IT COST ME \$876 A YEAR
UNTIL GOODRICH SHOWED ME
Triple Protection

"\$876 a year lost on tires which could not stand the gaff at the 'Failure Zone.' Rim breaks, sidewall breaks and blow-outs took dozens of our tires out of service long before the tread was worn." It's an old story. Thousands of truck owners have told us of their losses—from the same cause.

Even if you operate only one truck, the chances are that the "Failure Zone" may claim at least one of your tires within a year. A \$30 tire thrown away after it is one-third worn means \$20 wasted. You can prevent such unnecessary losses by using Goodrich Triple Protected Silvertowns.

Under load, a tire flexes several hundred times a minute. There is a terrific strain on every ply in the tire. Over-loading or under-inflation increases the strain many times. When the brakes are applied, there is an additional strain.

No wonder the short plies break away. No wonder the cords in the fabric break when they can rub against each other. No wonder a break, once started, spreads through the entire sidewall—ruins the tire. Why not make sure that your trucks have tires that wear out—not blow out?

GET THIS PROTECTION FREE

Silvertowns cost no more than any standard truck tire. Yet they are triple protected. This means that you get the last dollar's worth of wear out of your tires. Here's how it works:



1 PLYFLEX—Plyflex is a new tough, sturdy rubber material. Every Silvertown truck tire has a layer of Plyflex protecting the sidewall. It bears the brunt of the strains caused by the tire flexing several hundred times a minute. It distributes the stresses throughout the carcass. It prevents local weakness.



2 PLY-LOCK—The short trouble-causing plies in ordinary tires often tear loose just above the bead. A direct result of stresses concentrating at this one weak point. In Silvertowns, the plies are "locked" about the beads—anchored in place. The tapered ply ends are floated in rubber. This is PLY-LOCK.



3 FULL-FLOATING CORD—100% floated-in-rubber cord fabric is used in the new Silvertowns. Each cord is surrounded by rubber. With ordinary cross-woven fabric, when the cords touch each other they rub—get hot—break. In Silvertowns there are no cross cords. No friction. Fabric wears longer.

DON'T DELAY. Get your tire costs down to rock bottom. See any Goodrich truck tire dealer. He won't ask you to buy a pig in a poke. He will make a free analysis of your truck loads and show you three convincing tests of Triple Protection.

every
TRUCK OWNER
SHOULD READ THIS STORY



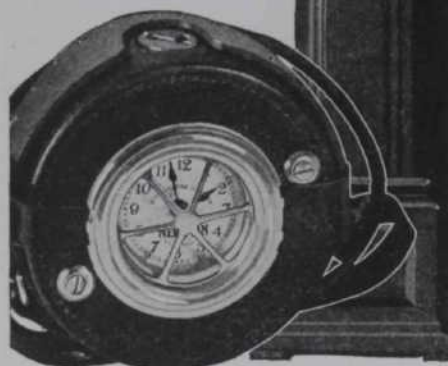
FREE! 48-page Safety manual. Tells how to cut accidents—save money—build good will for your fleet. How to get free Silvertown Safety Awards for your drivers. Write Dept. T-68, The B. F. Goodrich Rubber Company, Akron, O.



Goodrich Triple Protected Silvertowns
FOR TRUCKS AND BUSES

When buying GOODRICH TIRES please mention Nation's Business

Grand-father's
Clock will
still tick
too . . .



after a fashion

Keeping an outworn watchmen's clock on the job is much like keeping grandfather's clock going . . . it can be done, but at high cost for repairs and sacrifice of the accuracy of time-keeping . . .

The value of your watchman's clock is measured by its ability to keep accurate time and furnish positive records of station register. An inaccurate clock is as bad as a lazy watchman . . . neither can be depended upon when an emergency makes their service of vital importance. Replace your wornout equipment with current models from the well-known and complete Detex line.

These clocks are the greatest values Detex has ever offered. With a specially designed movement, and with all operating and case equipment modern, strong, durable, they will stand the roughness and abuse of watchclock service.

With better business ahead, now is the time to replace obsolete equipment. If you are not familiar with present Detex models we will gladly send complete information on request.

● Look for the nearest Detex Dealer in the classified section of your local telephone directory under "Watchmen's Time Clocks." Representatives are located in all principal cities. Complete information on request. Approved by the Underwriters' Laboratories, Inc., and the Factory Mutuals Laboratory.

DETEX WATCHCLOCK CORPORATION

4153 Ravenswood Ave., Chicago, Ill. 29 Beach St., Boston
80 Varick St., N.Y. Room 800, 116 Marietta St., Atlanta

NB-3

DETEX

WATCHMEN'S CLOCKS

NEWMAN ★ ECO ★ ALERT ★ PATROL

When writing please mention Nation's Business

The American Scene

Democracy "We are taking the American ideal of political government and projecting it into the industrial field. Whenever a question arises as to who shall be the recognized spokesman of the workers in a particular plant, our solution is simple. We supervise a free, secret ballot of the workers under such circumstances that there can be no coercion and no unfair electioneering. We have supervised more than 20 elections and they have all been successful."

ROBERT F. WAGNER,
United States Senator from New York,
Chairman of the National Labor Board,
in a radio address

Amateurs "Amateur, short-time service in government commonly is inefficient. It frequently has been noted that the old, experienced member of Congress, even if subservient to a political machine or to special interest, is less destructive to constitutional safeguards than the inexperienced reform member who would unconsciously override fundamental rights to gain an immediate end. In administrative positions amateur service is still more inefficient than in legislative offices."

DR. ARTHUR E. MORGAN,
director of the Tennessee Valley Authority,
in Antioch Notes, published by Antioch
College, of which he is president

Superfluity "Some extraneous measures were needed in America. I believe that to some extent they have hastened world recovery. But I feel that the United States would have shared in this recovery even had these measures not been adopted."

SIR WALTER LAYTON,
British economist, statement to the United
Press

Durability "There always have been wars. I've lived through four. I was in the Civil War—shot five times, and wounded three. I was only dented the other times, but the dents remained quite a while."

"I hate to appear anecdotal—the grand old man type wrapped in the American flag. I talked with a man who, in turn, talked with a man who came off the Mayflower—it seems incredible, doesn't it, more than 300 years ago, it was, the ship landed."

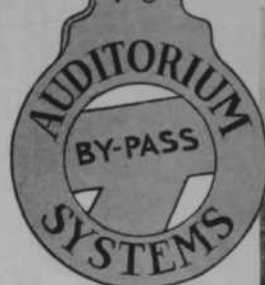
OLIVER WENDELL HOLMES,
former justice of the United States Supreme Court, in The Yale Review

Solidarity "NRA is indeed revolutionary, but mainly in the sense of extending legal recognition to a revolution that had already taken place in the facts of everyday living. The underlying assumption of the Act is the solidarity of American industry and the general truth of this assumption is not open to question."

EDWIN S. CORWIN,
chairman, Department of Politics, Princeton
University, in an address

Labor "The mechanization of industry creates a demand for labor. It dislocates labor, because they have got to find something else to do. But it creates labor. In the old days a porter carried about 65 pounds of weight on his back and traveled about 15 miles a day."

The **KEY**
To **ECONOMY**
In **COMFORT**
COOLING



Grand Rapids
Civic Auditorium

At Top—Macy
Department Store

IN 1934—"Better Air Conditioning Comes To The Fore!" A more widespread use of Auditorium Systems—like those maintaining complete Comfort Cooling for Radio City, the Capitol in Washington, Macy and Higbee Department Stores, hundreds of noted theatres, public buildings and fine residences—is now made possible through the extension of the AUDITORIUM Licensing policy.

Systems Embodying Exclusive Basic Improvements—Installed by Local Contractors—On Competitive Basis

The AUDITORIUM principle alone provides those fundamental features in design and operation which noted engineers have long recognized as "the key to economy in comfort cooling." They have utilized these features in famous installations in the past. You can now use them in your building to insure the utmost in satisfactory conditions with maximum saving in original cost and operating expense—plus the prestige, added patronage and profits that will accrue.

Consult Your Architect or Write Us For Names of Auditorium Special Agents in Your Locality Who Will Gladly Give You Detailed Information

AUDITORIUM CONDITIONING CORPORATION

New York Office

17 East 42nd St., New York

When writing please mention Nation's Business

"A pack horse could carry about 250 pounds and travel 25 miles a day. One of our large freight locomotives today will do the work that used to be done by 91,000 pack horses. There is a great deal more labor furnished by that railroad industry than ever was furnished by the pack trains that did the transport service in the early days."

LEONOR F. LOREE,
president of the Delaware & Hudson Com-
pany, speaking before the New York Bond
Club

Maturity "No man can handle life to the best advantage until he becomes a conservative. Every one is born a radical and has to be spanked, whipped and yelled at until he learns the necessity of conservation. If he never learns it, he is locked up or hanged."

E. W. HOWE,
editor and publisher of E. W. Howe's
Monthly, announcing the suspension of his
journal

Discrimination "There are plenty of men, leading bankers, who are as honest as the sun. Let us be careful not to make our applications too sweeping just because a man happens to be at the head of a large banking establishment. Do not attack him as though he were criminal. That is not just. Do not pin everything on the bankers, because you are doing an injustice to a great many men. If you are going to be prohibitionists and want to close up all the banks as you close up all the avenues of drink, eventually you will reach the point of discovering the error of judgment."

WILLIAM CARDINAL O'CONNELL,
dean of the Catholic hierarchy in America,
at the celebration of his birthday

Dependence "There is grave danger that, under the stress of circumstances which impel the Government continually to enlarge the sphere of its activities, precious qualities of self-reliance and mutual helpfulness may be weakened and replaced by an inclination to shift our responsibilities more and more to the shoulders of the Government."

ODGEN L. MILLS,
former secretary of the treasury, before
the Citizens Family Welfare Committee

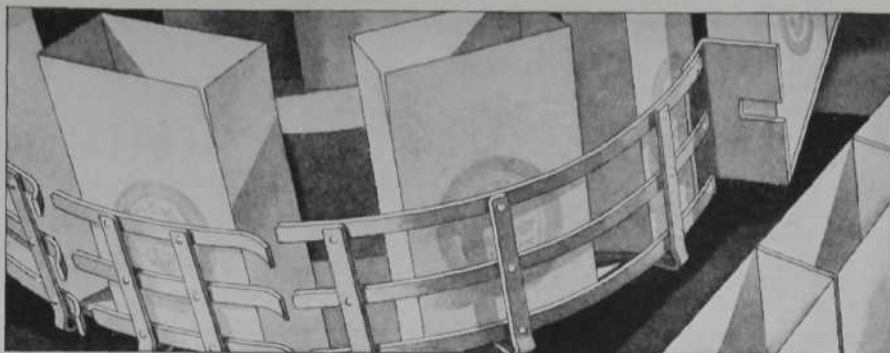
Responsibility "Banks themselves were responsible when they took improperly secured mortgages, unseasoned, high-yield, narrow-market bonds, or loans against securities inadequately margined, inadequately diversified or which otherwise failed to satisfy sound banking conditions."

"But they did not create the general money market situation which meant for the banking system as a whole such an excess in the number of mortgages taken, the number of bonds purchased and the total of credit going into securities, that it undermined the entire fabric."

WINTHROP W. ALDRICH,
president of the Chase National Bank, in a
statement to a subcommittee of the Senate

Presumption "The Federal Government has no more right to engage in ownership, construction and operation of apartment houses than it has in any other private business. It might just as well become the butcher, baker, candlestick maker or undertaker."

REP. HAMILTON FISH,
of New York, to newspaper men in
Washington



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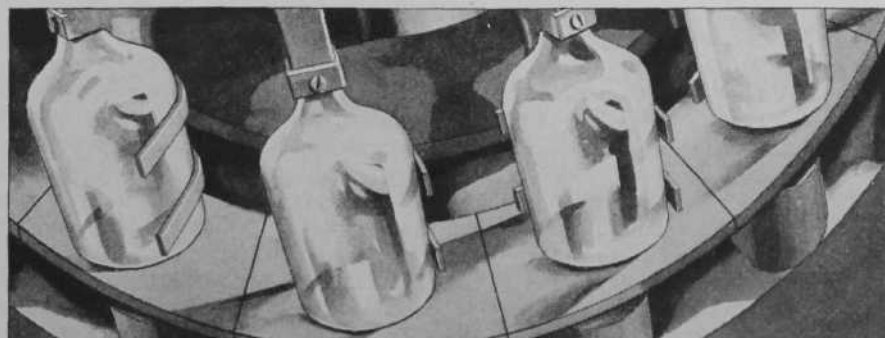
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Barring New Production by Code

By **LESLIE SMITH** Secretary, National Association of Ice Industries

★ THE preponderant factor in preparing, presenting and applying a code of fair competition to an industry is the support which the industry itself lends to the task. Most of the delay and annoyance which have accompanied such efforts since June have been direct results of lack of sufficient information and the character of leadership which could win acceptance and confidence among divergent minds and interests.

Trade associations have been forced to face abruptly their own lack of vision and action. To many of them, the lesson has been none too flattering. To those who were alert, who kept themselves abreast of dominant thought, the National Industrial Recovery Act brought opportunity. To the others, it brought hardship, even threat of disaster.

Let no one minimize the difficulty in winning agreement among men of any industry upon the terms and provisions of a code. In large measure this varies in proportion to the spread or sweep of the business. Each has its own peculiar situations and problems. Underneath it all lies the element of human ambition and greed. Then there are the problems of competition, whether from differing processes of production, advantage of location, or from other industries. And always there is the conflict between large and small units.

All these problems had to be considered in drafting the ice code.

That code was written for the industry. It does not seek to embody terms or conditions in any other code. Every effort has been made to base its provisions upon facts compiled from the companies in the business. It is not all that the ice men would have it but it affords correction of evils and harmful practices which was not previously possible. No one will deny that many of these present evils were brought in and fostered by ice men themselves during the years of prosperity but they have become destructive of progress and profit in the light of today.

Three articles of the code stand out prominently: correction of labor abuses; curtailment of production capacity and limitations of market expansion to the disruption of established business.

That long hours are necessary in the

UNDER NRA no new company can enter the ice industry without permission. This step, at first glance a closing of business opportunity, actually means greater opportunity for business, says Mr. Smith in explaining the code

ice business, no honest inquirer can deny. Ice cannot be made and held indefinitely for future disposal. Sale must follow production almost immediately. It is perishable in the extreme and does its work of refrigeration by absorbing itself. Production must be continuous. In warmer sections delivery is also necessary every day. A careful survey showed the average hours of employment on July 15, 1933, were 63 a week in the North and 69 in the South. These have been cut uniformly to a maximum of 56 hours in any one week with an average of not to exceed 48 over a year's period. A pronounced increase in employment has resulted.

Wages are higher

THE increase in wage scale, particularly in the South, has averaged 29 per cent over last July 15. Under conditions of today, this is a stupendous burden which the industry has assumed as a result of the code. Yet acceptance of these exactions has been excellent. Such opposition as has arisen has come from the South where the class of labor is markedly less efficient than in the North and West. If the imposition will lead to introduction of higher personnel, the ultimate gain is inevitable.

Between 1921 and 1931, production capacity in the ice industry increased approximately 60 per cent. Until 1927 most of this was installed by existing companies. Demand for ice was showing steady increase as a natural sequence to public education, growing population in urban centers, and the tremendous advance in shipment of perishable products. With the development of the small mechanical refrigerating unit and its inroad into the field of

refrigeration beginning in 1925, subsequent building on a large scale was done by companies which had newly come into the business with the tide of mergers which swept the country at that time.

However, scores of men invaded markets with new production with the sole intent of forcing existing companies to buy them out at a profit. This practice has grown until it has become a racket. Millions were spent annually in such purchases.

When the depression began and sales began to fall off, a tremendous overproduction of ice existed. Hundreds of markets which had formerly absorbed the output found themselves with great capacity and no commensurate demand. Car icing decreased materially. The open road and idle trucks invited invasion of other and newer territory. Since the ice was surplus, invasions were invariably attended by price cutting. The invaded markets, most of them small and representing the entire capital investment of the owners, were thus driven to retaliation and further price declines. This meant unwarranted loss and, often, ruin. Even within the same market area, competing companies followed the same course. Losses through this practice exceeded \$30,000,000 in 1933. The end was not in sight.

Framers of the code have sought to correct these methods by a provision which requires anyone seeking to establish new production in a given territory to prove to the satisfaction of the administrator that public need and convenience require an increase. Proper exemptions are made for plants under repairs and for those withdrawn from operation because of economic conditions. The provision has been assailed and



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Frank Crilley, Champion Deep-Sea Diver, says:

"Deep down under 300 feet of water, working feverishly under terrific pressure—no place for a nervous man! A diver's nerves must *always* be in perfect condition. I smoke Camels and have smoked them for years. They are a milder cigarette and they taste better. They never upset my nervous system."

Miss Elizabeth Harben, Garden City, L. I., says:

"I know that deep-sea diving calls for healthy nerves. But, believe me, you can also feel plenty of real nerve strain being a secretary to a busy office executive. Telephones, callers, dictation, and a million other demands all take their toll. As to smoking—I smoke a great deal, but I'm careful in the choice of my cigarettes. I prefer Camels. They don't make my nerves jumpy, and I like their flavor better."


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Whatever your job or place in life, healthy nerves are worth any effort. Check up on your habits—your eating, your sleeping, your recreation—and do not overlook the subject of smoking. Turn to Camels, for the sake of your

nerves. Any impartial leaf-tobacco expert will tell you that

 Camels are made from finer, MORE EXPENSIVE TOBACCOS than any other popular brand. An important fact to nervous people!

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NEVER GET ON YOUR NERVES... NEVER TIRE YOUR TASTE

berated frequently by the wild-catter and the high-jacker. That was to be expected. Some refrigerating machinery manufacturers have also disapproved it.

For the former class of objectors there need be no concern. They have been a menace to substantial business for years. For the latter, they, better than any others, should know that only assurance against attack and jeopardy will justify the ice manufacturer in spending money to rehabilitate and modernize his plants. New business in this direction will far exceed possible volume by construction of new plants. It will require ten years for the industry to catch up with its present capacity.

Dumping is forbidden

THE provision against dumping of surplus does not forbid sales outside normal markets but it does impose limitations against destructive price discriminations. One need not fear oppression because of monopoly. Mechanical competition will prove a constant deterrent to price abuses. The ice man knows this.

I repeat, the ice code may fall far short of being all that the ice man would wish it but everyone of them recognizes that it is a gorgeously improved highway compared to the dirt road of his past travel toward the goal of business stability. This general understanding is due, in large part to the fact that with the advent of NIRA, the National Association of Ice Industries temporarily disregarded all association membership limitations. When the measure was introduced in the Senate, the association immediately established daily contact with events in Washington. Reports of developments and analyses of possibilities were sent constantly to every known company.

All were invited to question and comment. When passage of the Act became imminent, a general conference was called and each of the 44 unit associations, covering the entire United States, was asked to select delegates empowered to represent that group in the drafting of a code. Four days were occupied in preparing the first draft. Every group and such individual companies as chose were represented. This was in June.

It is fatuous to say this code was not selfish. It was the embodiment of what the ice men wanted, without serious consideration of the gigantic purposes behind the movement. It is no wonder it was promptly rejected, even though the Control Division passed it as thoroughly representative of the industry. It was rewritten, and again rejected.

Weeks were spent by sane thinking men in an effort to learn more of government requirements and in making adjustments. The third rewriting was finally admitted as the basis for a preliminary hearing.

All this time every change was reported promptly to the entire industry of more than 4,200 companies. Twenty men from all sections of the country attended this early hearing.

When the open hearing was announced, 250 men attended. Every argument was presented in written brief. Not one disagreement was advanced by the industry. The hearing took only four hours. Then the real work began. Article by article it was threshed out with the numerous boards of the Administration. Twenty representative men remained in Washington during those days. Then the final code was approved. It became effective in 13 days.

Not one man left his post. All realized that the gigantic task of enforcement was before them. Day and night a school of instruction was conducted,

organization form of the National Association of Ice Industries has made the accomplishment possible. Its Code Authority, one of the early ones to be approved by the Administrator, was chosen geographically from among its members. The government representatives include the Deputy Administrator who heard the case, a retired ice man, and the Dean of the School of Business Administration of a large university. The harmony has been complete.

The Code Authority operates as a department of the National Association, not as a separate organization. It has offices in Washington where code records and complaints are filed and final hearings held. The chairman of the Code Authority is permanently in charge.

Today, after four months of trial, 98 per cent of the industry has accepted the code and is doing all it can to live up to it and make it work. Recalcitrants have not been entirely eliminated. Only stern enforcement of the code will eventually still them. Clear-minded men eagerly welcome the assistance of Government in ridding the industry of bad practices. They are willing to make just contribution to the general good if they may know that in so doing, they are not exposing themselves to ruthless attack by the non-conformist. That is the promise of the National Recovery Act.

Not a panacea

IF THERE be danger in this newer compact between the industry and the Government, it lies in the tendency by the former to expect too much of the code. It was never intended to do more than provide a new chart by which industry itself might steer a less troublesome and more profitable course. Restrictions and limitations were wise. Whatever one may think of the economics involved or of the dubiousness of the future under such agreements,

he must, in simple honesty, admit he had not been able to alter the downward flow of his business and his industry. If the old methods failed, is it not now high time to change them?

But mere change, even though sanctioned by the Government, will not work automatically. Back of it must be the force of thought and plan and driving energy. These no code can provide. Every known factor of successful conduct of business will be needed if the ice or any other industry is to reap the full benefits a code makes possible. Obsolete, wrongful practices must be abandoned. Codes afford the opportunity; industry must grasp and develop it.

WE are misusing the word "Liberal" says Prof. T. N. Carver. To him a Liberal is one who opposes the extension of Government authority. Yet today, those who cry for more Government call themselves "Liberal." We ask for a managed business but protest restrictions of stage, and press, a tangle which Professor Carver, an elder statesman among economists, seeks to unravel in this issue

having for students the 15 men who were to be primarily responsible for operation of the code over the entire country. Results and deductions were compiled in book form and 52,000 of these distributed into every city and hamlet. The trained men were sent to their respective territories and told to perfect the machinery of administration. For four months, these men have kept at the job to the utter disregard of their own businesses and without one cent of compensation. Within two weeks every unit group had its Committee of Arbitration and Appeal organized and at work.

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What the CWA Money Bought

(Continued from page 24)

augment Government funds with some of their own, although this was not necessary. While the program was going full speed localities were spending about \$15,000,000 a week.

At that time, it was estimated that between 200,000 and 300,000 projects were under way, the best guess being about 235,000. Nobody, least of all CWA officials, claimed that all these projects were worthy.

"Some of them are probably just lousy," one man said, and suggested a few that might be regarded as "dogs."

"But," he added, "some of the most worth while of them seem ridiculous on their face."

Help for other districts

ONE of these was a federal project for eradication of citrus canker in certain counties in Texas. When work was started, CWA received a lot of bitter correspondence to the effect that there weren't enough citrus trees in these counties to saw dust a bar room floor.

CWA reproachfully called the Agriculture Department which had recommended the project. The Department admitted that citrus trees in the region were few and nobody cared much about them.

"But," it added, "that is why this is a federal project. Canker breeds in those neglected trees and then spreads to citrus growing regions and infects trees there. Orchard men are continually fighting it. If you stamp it out of the neglected regions you stamp it out everywhere."

Citrus canker was only one of the pests which suffered because of Agriculture Department activities. Others were the gypsy moth, potato weevil, cattle tick, Dutch elm disease, and mosquitoes. All together, the Agriculture Department put some 110,000 men to work. The Commerce Department found jobs for 68,000 more while jobs submitted by the Interior, Labor, Treasury, War, Navy Departments and the Independent Offices brought the total employed on Government projects up to 440,870.

The rest of the 4,000,000 were engaged on state and local projects. Because of the set-up, almost any type of project had a chance of getting approved somewhere. Almost every type was. Some 16 pages were needed to list the activities under way in January. Summarized, they fell more or less naturally into seven classifications. Although the scene was changing so rapidly that it was impossible to tell definitely just how much money was being spent in each of these classes one man hazarded

a guess that the proportion including federal projects would be something like this:

Roads and city streets	40 per cent
Improvements to public lands including parks	10 " "
Public Buildings and schools	10 " "
Waterways	15 " "
Water supply and sanitation	15 " "
Administrative	5 or less
Civil Works Service	5

In all these classifications, the work done was of a sort which could be started at once and completed quickly. Work on streets and highways, for instance, included resurfacing, grading, filling, levelling, improving, erection of traffic signals and so on. CWA money was not used in the long time jobs such as construction of new highways.

The same applied to work on public buildings. Few new buildings were built. CWA money went into repairs and maintenance—roofing, plumbing, plastering, painting and so on. Structures on which improvements were made included armories, bridges, city halls, community houses, court houses, docks, fire houses, garages, hospitals, homes for the aged, libraries, lodging houses, markets, museums, orphanages, police stations, jails, repair shops, sanitariums, stables, store houses, tool houses and work shops.

Inside the garages and work shops, some CWA money was spent on repairs to tractors, graders, ditchers, concrete mixers, trucks and so on.

Parks were benefited

PUBLIC lands and parks received many improvements which could not have been made under the normal budget. They included landscaping, building of swimming pools, bathing beaches, bath houses, golf courses, athletic fields, skating rinks, bandstands, benches, tables, swings and so on.

Public schools benefited through building repairs, improvement of grounds and better sports equipment including resurfaced tennis courts, improved dressing rooms, field houses, swimming pools and hockey rinks.

Grouped under "Administrative" are the jobs on which professional and clerical workers were employed. They included, among other things, drawing charts and maps, revising legal codes, repairing and indexing books, handling personnel and equipment, filing, transcribing and copying old records.

Civil Works service employees included all persons employed on projects relative to relief offices and on jobs such as vocation and adult education—projects

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1. NBFU initiated the National Board Building Code and the National Board Electrical Code, and has aided in drawing up most municipal building codes. NBFU has also suggested many other regulations having to do with the elimination of the fire hazard. *Your home—your factory—were built under these codes and regulations.*
2. NBFU initiated the world-famous Underwriters' Laboratories. *You see the Underwriters' Laboratories label on materials and appliances—and you feel safe.*
3. NBFU initiated cooperation with civic authorities in making fire prevention engineering surveys and developing modern fire fighting facilities. More than 400 cities have been completely surveyed—more than 4,700 cities have standardized fire hose connections. *Your city is undoubtedly in one or both of these groups.*
4. NBFU initiated, and now maintains, Fire Prevention Week, which is proclaimed annually by the President in the week that includes October 9th, the anniversary of the disastrous Chicago Fire.
5. NBFU initiated cooperation with civic authorities in tracking down arsonists.

How many lives have been spared by these and other public services? How many millions of dollars' worth of property have been saved? No one can say. However, in the last twenty years the average cost of Stock Company Fire Insurance has been reduced more than thirty per cent (30%), largely through these activities.

"NBFU—the Initials of A Public Servant"—is a booklet about the many public services rendered by Stock Company Fire Insurance. Copies are available to you without cost.

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not coming under the usual definition of public improvement.

Work on waterways including widening, straightening, deepening and clearing streams, building, repairing and maintaining dams, dikes, levees and locks and fire and flood control.

Listed under water supply and sanitation were such jobs as building new filter plants and pumping stations, excavation and draining of storm sewers, manholes and catch basins, ditching, cleaning creek beds, repairing and painting sanitary plants and construction of sewage disposal plants.

The heading also included an activity which came as a boon to humorists—the construction of privies. CWA officials could see the possibilities for facetiousness in this undertaking, "but," they pointed out, "sickness causes an economic loss running into millions of dollars, according to the Health Department, and the present accommodations in some parts of this country are certainly spreading disease."

Viewed in this light, this particular project would seem to be "socially and economically desirable." Whether any or all of the others are, is a debatable question and has been energetically debated. It is impossible, of course, to sit in a central place and praise or condemn. What seemed economically and socially desirable in a given locality might be the completest nonsense somewhere else.

In some sections, for instance, the spectacle of paid labor cutting underbrush to destroy wood-ticks would be more than a little silly. But in a certain Maryland county last year a child died from spotted fever brought on by a wood-tick bite.

The same applies to the campaign to eradicate mosquitoes.

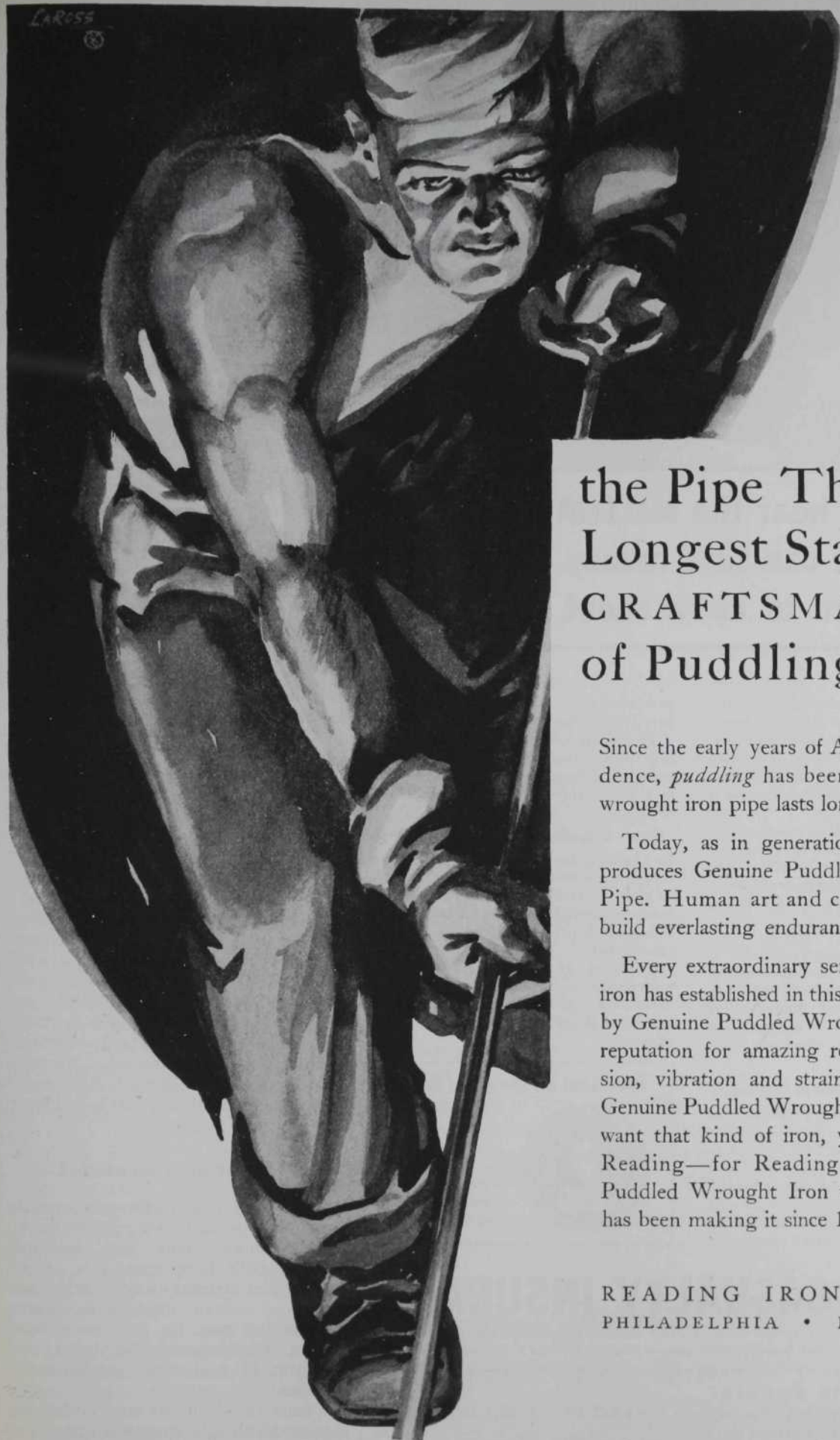
"No doubt the job was badly done in some places," one man said, "but in some southern counties, engineers say, they have been able to eliminate the mosquito entirely. And the people in those counties have suffered from malaria so long that they take it for granted."

"They will probably feel so good now," he added humorously, "that they will raise enough cotton to make the surplus twice as big."

Friction . . .

"A FAIR survey of the whole country might say that the spirit of unrest, of voting the 'ins' out, which had a part in the election of Mr. Roosevelt in 1932, still is under way, and is expressing itself against Republican and Democratic 'ins' alike."

MARK SULLIVAN, national political observer, in the New York Herald-Tribune.



Behind the Pipe That Lasts Longest Stands the CRAFTSMANSHIP of Puddling

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New Steels for New Jobs

(Continued from page 23)

is operating on the Burlington; the Texas & Pacific and the Pennsylvania have two-car units. The Budd Manufacturing Company of Philadelphia, which has gone far with this work, is now building a five-car unit for the Brooklyn-Manhattan Transit Company. These trains weigh approximately one-fifth what an old style train would weigh carrying the same number of passengers.

Stainless steel is an alloy of iron, chromium and nickel. There are other "hi-tensile" steels which are alloyed with manganese and silicon. Sometimes copper is also added.

Recently much has been said about beer barrels such as those produced by the Buhl Stamping Company of Detroit. This, however, merely illustrates a single quality of stainless steel—its ability to stand deep drawing. Milk cans can also be drawn of this material, providing deeper parts to the containers without joints. In the case of barrels, two ends are drawn from blanks and then welded in the middle. The material not only provides a stronger container, but a permanent one, and one that is particularly free of stain.

Of course, stainless steel is being used extensively in the medical profession. It has been successfully used as plates for false teeth, and for operating tables. But its most sensational development is in construction where greater strength is desired with less weight. It is not a tonnage product, however, and the great interest of the industry in it, consequently, is significant. The steel industry is a mass production industry. While a sincere endeavor has been made to produce a quality product, it is a quality dependent upon accepted standards rather than upon unit value. Stainless steel is a valuable product, and there is no expectation that it can be marketed in any vast tonnages.

Wider markets needed

ON THE other hand, the great capacity for rolled products is a problem the industry finds serious. The continuous rolling mills have made this so and today it is necessary for the industry to develop broader markets for plates, sheets and strip, the products of those mills. That accounts for the popular interest in steel walls and floors for houses.

Some of this lighter material is being pressed into light structural shapes and makes possible the steel frame house. Within the past few months, many houses have been sold in the earthquake

zone of the Pacific Coast which will have frames of light channels. Others with cellular sheet steel walls and floors are also being used. All over the country real estate projects are being developed which include houses of a similar type. With the recovery of home building, the steel industry is anticipating a new demand for light structural shapes.

Sheets find their readiest acceptance in the equipment field—for the manufacture of furniture, refrigerators, cabinets and other equipment for the office and the home. Automobile requirements have also exercised a most important influence upon the development of sheets. It was only within recent years that the all-steel body came into production. That was made possible by the manufacture of a sheet that would stand stamping, cutting and drawing. Sheets for automobile bodies are now being produced which are not injured or weakened by the rough handling necessary in body moulding. These improved sheets are also offering possibilities to the manufacturers of household equipment.

New uses for sheets

AIR conditioning is a comparatively new industry. Steel sheets are important to that. In the future, air conditioning will be required not only in public and semi-public buildings, but in private homes. Steel sheets of this improved grade will make it easy. Equipment for the kitchen and bath, steel for floors, stairs, casements and partitions affords the rolling mills the hope that there is an insatiable market for their output.

The streamlining of automobiles and the advanced styling of car bodies has made a new industry of the automobile sheet business. No longer is there a simple standard for automobile sheets. Sheets are made to meet a particular condition and the steel companies keep their metallurgists on duty at the automobile plants almost constantly studying these requirements. A sheet to make a Plymouth fender would not meet the requirements of a sheet to make a hood for the Chevrolet, or a door panel for a Ford. Sometimes the cold-rolling which toughens the sheet results in skin abrasions which would make a satiny paint surface impossible. Through a better knowledge of what each pass through the rolls does to the sheet, what each heat or finishing process does to the material, the steel industry can turn out for the automobile manufacturer a product which will just meet his requirements. A few years ago this service was impossible of attainment; today it is a natural result of a rejuvenated steel industry.

Just before the depression the interest of the steel industry was in heat-treated steels. Today that interest includes cold-rolling or cold reduction. The American

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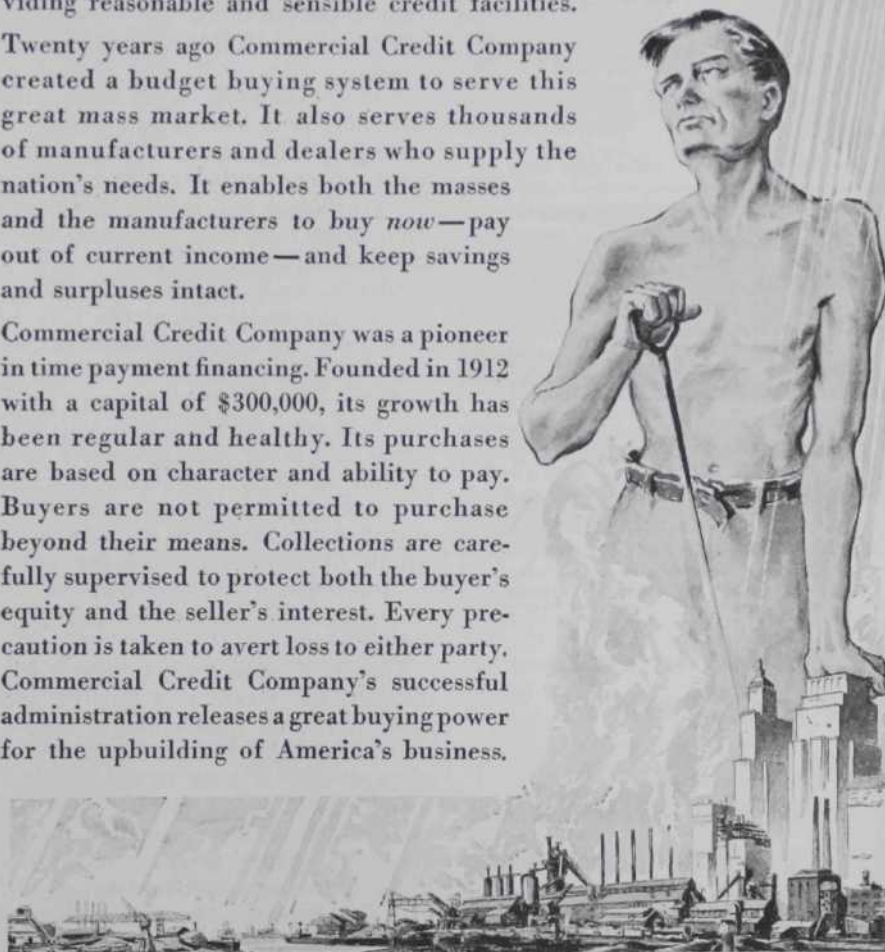
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NATION'S BUSINESS
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Sheet and Tin Plate Company has a cold-reduction mill which is producing sheets, particularly for tin plate, that give an especially good account of themselves. It appears that, in this cold reduction, the structure of the material is made much finer and consequently much tougher. The H. H. Robertson Company of Pittsburgh has the largest cold-rolling mill in the world. Here they roll cellular steel sheet floors and walls to the exact tolerances desirable to insure a remarkably uniform product. In the manufacture of containers there has been a trend toward the introduction of high-speed machinery. A material of better grade, tougher, and more uniform, is requisite in these machines. The steel industry has been able to make that material.

The skyscraper, or multiple-story building, is particularly a product of the steel industry. Today there is three times as much unoccupied floor space as during normal times, and it is freely prophesied that no more skyscrapers will be built for many years. But skyscrapers were designed for economy, and their height is determined by the sale value of the land on which they were erected and the tax burden imposed upon real estate in congested city centers.

Builders concede, nonetheless, that there may be no new skyscrapers in the immediate offing, but new and improved types of construction are going ahead this year which will require more steel. An instance is the light occupancy building of six to eight stories.

Surveys show that probably 90 per cent of the residences of the City of New York are not incombustible. Not only the fireproofing but all building restrictions on skyscrapers are very rigid. The light occupancy building, with steel joists, steel floors, steel casements, steel built-in cabinets, expanded steel lath and other steel equipment, can be built at prices which permit of reasonable rentals. A large latent demand exists for this type of structure and the engineering designs for them have been greatly improved.

The H. H. Robertson Company has designed and produced a type of steel floor that is an innovation. It is of a keystone cellular design manufactured in gages and of sizes to fit any floor span desired. It also serves as a 100 per cent flexible electric conduit system. During the past year the company has sold this floor to more than 100 projects. The Belmont Iron Works has also reported success with its type of steel floor. With but a slight upturn in business the steel floor should rapidly come into greater prominence.

Despite the depression, the construction industry, in the past year, has produced, or planned to produce some outstanding structures. The Sunnyvale Hangar built for the Navy in California

is now occupied. It has a larger floor space than any structure heretofore built. Furthermore, it contains 22,000 square feet of flat steel-plate floors, a type of construction aggressively developed only within the past few years.

Through the cooperation of the Inland Steel Company, the Mississippi Valley Structural Steel Company and others, the industry produced the Skyride at the Century of Progress in Chicago, a structure in which welding was used to an unusual degree. This structure has balanced counterweight anchorages which, in effect, provide an articulated leg, and make possible a constant tension in the crossing cables. Involving many innovations in engineering design, the Skyride makes a valuable contribution to the art of bridge building. The Chicago Fair also enabled engineers to try out successfully other innovations in steel buildings.

The Golden Gate Bridge will profit from the improved methods of erection inaugurated with the George Washington Bridge over the Hudson River, but will have a span much longer than the latter. Furthermore, it has been necessary to go 100 feet below the surface of the swift-running water to build the foundations for the towers of the Golden Gate Bridge. The Oakland-San Francisco Bay crossing, however, will stand as an even greater monument to this industry as it will include every type of bridge span ever designed by man. The heavy railway and highway bridge across the Mississippi River at New Orleans is important not alone for its size but more particularly for the foundations which have to be erected on mats floating in mud. Caissons upon which to support these foundations were sunk 180 feet below the level of low water.

Technical progress

DEEP piers for these bridges are possible not so much because of major engineering developments or more ample funds as through increased technical skill. An instance is the solution of the San Francisco Bay Bridge problem, involving foundations 226 feet deep, by floating the caissons with special air chambers formed by closing the tops of the dredging wells. Another instance is the New Orleans Bridge, where cellular caissons are used in which all walls, exterior and interior, are equipped with closely spaced vertical tubes giving access to the cutting edges at a maximum depth of 180 feet, for jetting, drilling or cutting away obstructions; these caissons will be open-dredged through artificial sand islands.

There have also been other notable installations, each marking progress in the art of steel construction. Giant steel pipe linings, in some cases over two inches thick, have been constructed for the penstocks of the dam at Boulder, Colo.

The tremendous flood gates for the same dam, the pipe line to carry water over the mountains to Los Angeles and the 20,000 tons of steel which went into the transmission towers to carry electricity from the same dam site to Los Angeles, all indicate what can be done. Last, but not least, the steel walls and ceilings installed in numerous buildings, notably the new Toronto, Hamilton and Buffalo Railway Station at Hamilton, Ontario, should be mentioned. In that instance, welding and new methods of fabrication enabled the builders to obtain strikingly smooth surfaces without seams or visible joints.

Notwithstanding the decreased volume of building operations due to the depression, the welding of structural steel has made noticeable progress. Because of the depression, more attention has been paid to the rehabilitation of existing steel bridges and other structures and in this work welding has been used to an increasing extent. Development and increased use of coated welding rods during 1933 have removed difficulties resulting from the lack of satisfactory ductility of weld metal for welding structural steel, thus paving the way for an increased percentage of welding as against riveting.

The most noted application of welding in the industry has been in the production of bases for machines of rolled material, torch-cut and welded. It is today possible to torch-cut steel with a precision comparable to the finest carpentry in lumber. Welding will equal the work of the finest joiners.

Better methods are being developed in all industries. Steel being a basic commodity must prepare itself to meet these new conditions. Therefore research in engineering design has been particularly active not only in the field of construction but in all the fields in which steel is used as a raw material. But to meet these new engineering requirements, the product must be made to conform. With that in mind the effort has been to improve the metallurgical practices of the industry.

Sophistry . . .

"WHILE the press has not been very friendly to me at times, in my judgment a vigorous attempt on the part of the Government to censor editorial comment would lead straight to revolution.

"When I hear people talking about 'unrestrained license of the press,' I know they are talking through their hats. We ought to be done with the sophistry that criticism, based on reasoned judgment is a libel or an unpatriotic thing."

JAMES E. WATSON, former United States Senator from Indiana, in an interview at Chicago.

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Telling Millions How to Live

(Continued from page 20)

ership, those people will be in demand all over the United States.

"A beginning has been made on this part of the plan.

"We sent agents over about 200 counties to inquire of county superintendents of schools, of farm agents, of progressive business men and of progressive people in those communities, asking them who were the most promising young men in the communities—those who might develop into leaders. Then we gave civil service examinations to those and others—about 50,000 altogether. We have rated those examinations and for our work at Norris Dam we are picking the best of them.

"In order to spread employment at Norris Dam we are limiting the hours of work to five and one-half a day. That leaves time to spare. We are working out a training program for those young men and some young women—in milk and egg production, lumbering, iron working, automobile repairs, in the maintenance of farm machinery and buildings and in other fields. We are trying to make these people competent in their own communities. It is our hope that we can establish home industries, taking the ablest of these young men as workers and the best as managers and set up a sort of incubator for local industries in the town of Norris. When one is fully established, we may transfer it bodily to another community in the Valley, with its body of workmen trained and its accounting methods and other procedures developed."

Help for small industries

HIS plan is to give, through cooperation with the small industries he hopes to build up in the Valley, the advantages of organization, accounting, marketing methods, and the like that are now possessed by the great chain stores. But for the moment we will pursue a little farther the political methods the Authority will use.

"Getting back to the criticism that might be made of that statement that we have no theory of government. I personally believe that is one of the very strong points in American government—the fact that we have not been tied up to a political theory. The American public school is communistic and Americans like it; the post office is socialistic and Americans like it; some of the endowed colleges are autocratic and we like it; Henry Ford is an economic despot and we like it. Our practice has been to have all forms and use them wherever they serve best. Our philosophy is that life is

too varied and too complicated to put into any one of those forms. So long as we keep that clear and don't allow ourselves to be subordinated to a theory, but use any theory where it works best we will have a good stable government.

"The U. S. Chamber of Commerce has been saying that the Government ought never to enter business. I think this is wrong. I think the Soviet idea that Government should run all business is wrong. I think we ought to explore our field, and if it works better this way, do it this way. If it works better another way, do it another way. Life is so varied that the pragmatic method, the method of feeling one's way and working out the methods that work best, is the most satisfactory method, keeping constantly in mind the social purpose that the whole people should enter into the well-being of the country and that the well-being should be shared—that we should not allow people as a whole to be exploited for the few. There are certain fundamentals to keep clearly in mind, but as to the method of attaining them we should be able and willing to explore. If we keep constantly in view our purposes—the greatest welfare of the whole people, both now and in the future—we shall realize that we must develop a certain spiritual quality of good will—social mindedness the presence of which can give life to any program and the absence of which can kill any program.

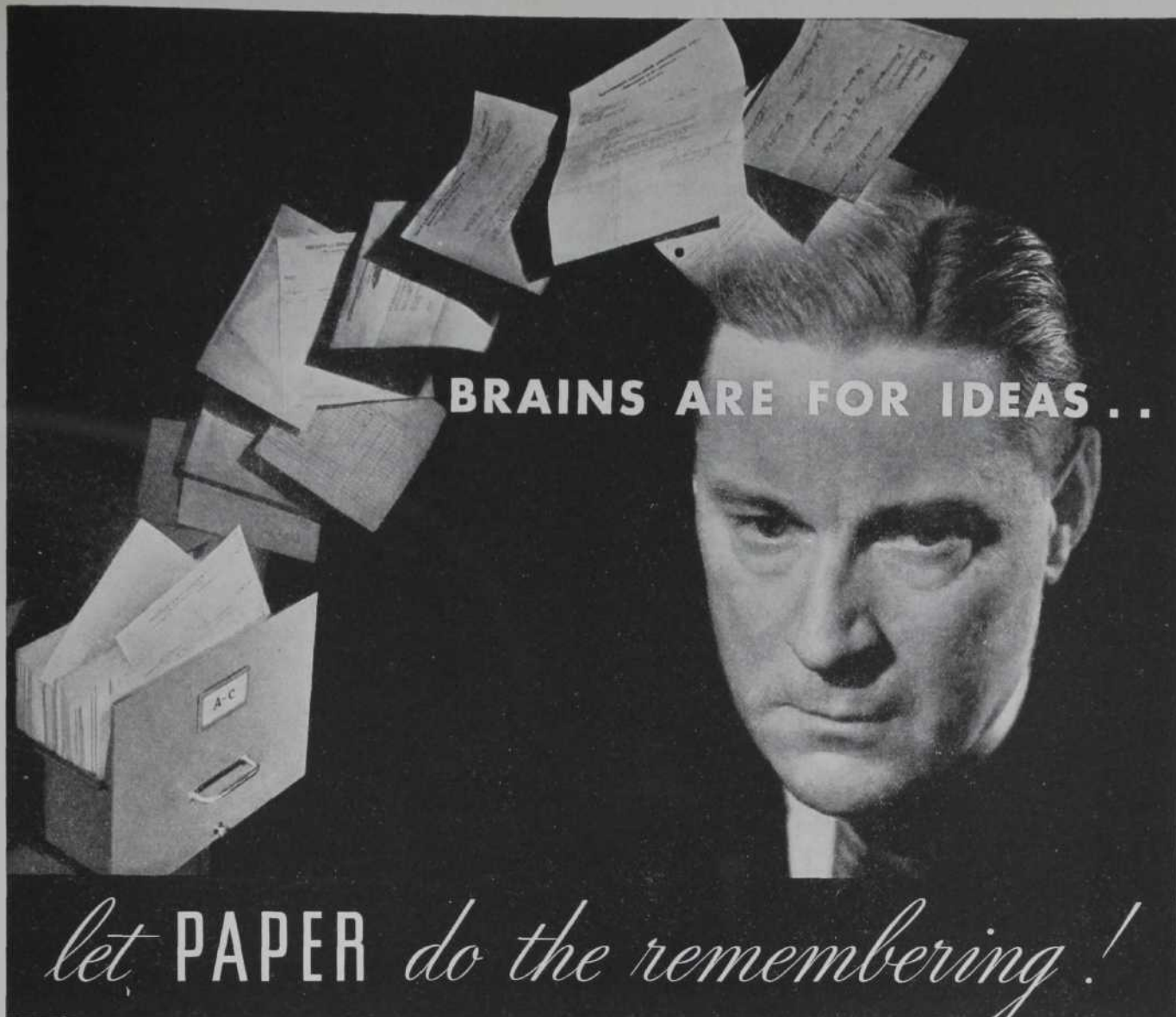
"There are various ways of going about social planning. One is to set up a scheme, a chart, an outline of a re-organized society, and say:

"Now we are going to plan socially."

"Our Board has not felt that it wanted to approach the matter in that way, especially during the preliminary period when we are feeling our way. We are undertaking to do the obvious things and trying to see that the obvious things we do will be in harmony with any long range plan that may be undertaken."

Example is better than precept. Especially as I was somewhat bewildered by precept.

"Let me give a case in point. The Tennessee River system has great power possibilities. All along the main river are power sites—some of them developed and some being developed. Those power sites have no storage to amount to anything. On the headwater streams, on the other hand, there are sites where vast storage can be secured. If they are developed independently, the investment justified for each plant will be only what that independent plant can afford. If we take into account, however, that the water released from those upstream



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storage reservoir plants in a dry season will run down the river and develop power at every plant along the Tennessee River itself, we can see why there must be a unified ownership in order to justify the heavy investment in the up-river plant, which will enable it to store power for all plants along the entire river.

"Moreover, if the up-river plant is owned separately, it may use its water uniformly throughout the year. That would help the lower plants some, but it would help a good deal more if the upper plant, where there is abundant storage, were shut down in the winter when there is plenty of water in the main river below, and were operated only in the summer when the flow below is inadequate and needs to be supplemented from the storage reservoirs. With unified control these plants would be tied together with transmission lines, so power could be available wherever it is needed.

"That is one project where unified control is so obvious that there can be no serious question. It is probable that, with such unified control, the cost of generating electric power would be less than half of what the cost would be with divided control. In our social and economic planning let us begin with those elements where no serious person can fail to see the necessity of such planning."

One such situation is that of soil erosion. Dr. Morgan said that unless it is checked the whole agricultural economy of the region will break down.

"The region can produce less agricultural products than it could 50 years ago, for a considerable part of the land has gone completely out of cultivation. Anyone who can see at all into the future realizes that here we have the life of a civilization at stake. There must be control or the region will become a desert. As the best lands go out of cultivation and fail to produce enough to pay taxes the abler people will leave. In time only left-overs will remain. Finally we shall have there only a few poverty-stricken peasants tending their sheep on barren hillsides. No imagination is necessary to see that there is a crisis. It has not been met. It is imperative in planning that we face it."

The accepted methods of checking erosion are to be followed. Grass crops which bind the topsoil will be indicated, and tree planting will be done where necessary. If the owners of the land do not cooperate Dr. Morgan indicated that the Authority will exercise the right of eminent domain. The continual washing of the top soil into the water courses would in time fill the storage reservoirs with silt, and the costly system of dams and powerhouses would be ruined. But he goes even farther, for he holds that the farmer is responsible to the nation and to posterity for the care of his acres.

"After we have gone reasonably far in encouraging farmers to use their land properly, then it will be time to consider changes in land ownership so that a man will not be allowed to own land if he is destroying it. He has a responsibility to the next generation. When we have reduced land wastage to possibly one-fourth of what it is now, then it will be time to put legal pressure on the occasional man who is destroying land for future generations."

"Do you find yourself greatly hampered by the fact that you are dealing in seven states with seven more or less different forms of law?"

"That naturally is a handicap. Yet it is surprising the amount of friendly cooperation we get. The commissioners of education are working together to develop a common educational program. So are the presidents of universities, the foresters of the states, and the state health officers. Naturally, any development like this must tread on some one's toes. We are studying with groups of counties to see what the products are, what they have a surplus of, how that might be turned into merchantable products, how cooperatives might be used as a basis for turning that surplus into marketable things. There are counties down there that, during the strawberry and peach seasons, have great surpluses over what they send to market. Those same people are shipping in from the outside a great deal of fruit products. Their own material goes to waste, and still they are buying in the winter from the outside. They are on a low scale of living, too. If they can save their surplus, the money formerly spent for the fruit products can still be sent abroad for things they can't produce at home.

The balance of local trade

"WE need to discover the balance between living at home and importing. We don't want to say that we will use nothing that isn't home-made. We want the kind of localism that holds that the things we can economically raise or make at home suitably we shall produce at home, and will purchase from abroad those things we cannot well raise at home. We may center the fine ceramics industry down there, as a large mass production industry for national production. We will have some industries that will produce quality goods—scientific instruments, for instance. There are people who are well suited for that type of work.

"There will be some industries that will be for home products made at home for use in the home. America has run wild on mass production. It hasn't seen that it has destroyed local industry unwholesomely."

Public health is one of the concerns of the Authority, of course. Dr. Bishop, at the head of the Health Service, is

cooperating with the health commissioners of the seven states. An effort is to be made to improve the diet of the mountaineers. Undernourishment is common, and in parts of the region malaria and hookworm are to be found. Dr. Morgan is planning a campaign of education in sanitation and diet.

"Would that be a function of TVA or would you hand it back to the counties when it is started?"

"We are feeling our way. We are working through health officials as far as possible. Where they lack jurisdiction or interest we may set up demonstrations for ourselves."

Cooperation is necessary

THAT brought us to the ticklish element in the whole plan. If the Tennessee Authority, or any other Authority to be set up in any other region, is to succeed, it must either work as the instrument of an autocratic Federal Government or in cooperation with the local political authorities. It is uncertain as yet precisely how much power may be hidden in the rather loosely drawn Act which gave to the TVA "the power of government and the flexibility and initiative of private corporations." If the TVA is to depend upon the cooperation of the local powers it must first instill in them a quality of altruism not often found. Dr. Morgan thinks we have too many counties and too many officeholders and some of the officeholders we have are not good enough. I asked one question and withdrew it because it was embarrassing. However, Dr. Morgan said:

"The local government of the region was developed a century ago when there were no good roads. Counties were large enough so that one could ride horseback to the county seat in a few hours and get back by nightfall. We have made investigations in some of those counties and we find that in some of them the work of an entire week can be done in half a day. In some courthouses the officials are present only on Saturday, yet full time salaries are paid. The people of such counties are straining themselves to keep up the cost of county government that is busy only one-tenth of the time. They are going without essential services in public health, in agricultural services, where this money might be used if the government were properly organized. That is a problem that is so obvious that it doesn't take much imagination to see it."

Dr. Morgan has, too, a plan on foot for improving rural education. He would take the children out of the books and get them more in touch with life. "Mumbling" over books is the way he describes the present system. He would have them instructed in such things as the use of electricity in the home and on the farm so that they may know how it is produced, what it costs, and

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what rates and kilowatts are. He would make them acquainted with their local environment. In order to consume more of the tremendous quantity of current that can be produced at Norris Dam, the Authority has recently prevailed upon the Federal Government to lend its financial backing to a company which undertakes to sell refrigerators, feed grinders, washing machines and other equipment on time to the Tennesseans. He would instruct the children in the "Government of self-governing bodies such as farmer's cooperatives and associations, so that the young people will know the vital things going on in their community."

But the Authority has no control over the county governments.

"We have no control except the control of fact finding and suggestion. We can find the facts and say to the people of this region:

"Your officials are working for you less than ten per cent of the time. You could consolidate five or ten counties into one so that these people could be working full time. If you still want to pay the taxes you could pay them for things more vital than sitting on the steps of the courthouse doing nothing."

In some of the counties these things are being considered.

"Our suggestions seem already to be taking effect. There are strikingly different ways of approaching this problem. One is to say that the county is becoming an artificial and needless political unit, and that it should be an administrative sub-division of the state just as the highway district is. Another answer—a very different one—was adopted in Ohio at the last election as an amendment to the state constitution. It gives counties home rule, so that a county can change its form. It can unite

with another county, it can set up county manager government, or absorb the city or township governments. It can work out its own destiny. It becomes, not the least, but the most important of local government.

"There are two solutions: In one, the state imposes its government; in the other, it gives counties freedom to reorganize themselves. As to which way is best, I would say that when we come to the end of either road we will have the local government in some respects an administrative division of the larger body. Take highway construction, for example. In the beginning it was a county function, full of graft from the attic to the basement. Since the state has taken it over, graft has largely disappeared. On the other hand, I think the tendency can go too far and people can think that government is something afar off. In this county electrification we shall probably have larger units. The TVA may be one large electrical distribution unit, but the local community can handle its own affairs and handle them with economy and a sense of interest in them that some distant organization might not have. So, whether we start from home rule counties, on the one hand, or from state dictation on the other, we will gravitate to a balance at the same point."

"Won't you find yourselves hampered in this initial stage by the fact that you lack the full measure of authority desirable?"

"Hampered, but also saved," said Morgan. "If we were given all this authority at once we would not know what to do with it. We haven't the design, the plan, the facts. I think it well that authority should come to us slowly as we commend ourselves and our ability to the people."

A Chamber Seeks Home Rule

★ THE people of Texas voted last August to amend the state Constitution to permit the adoption of "Home Rule Charters for Counties." The step is significant. In the first place, it is estimated that counties which take advantage of the new plan can reduce their expenses 30 per cent or more. In the second place, the vote shows what chambers of commerce can accomplish through a serious campaign.

The idea of reforming and reorganizing county government originated with the Fort Worth, Texas, Chamber in 1930. It was brought forward originally by Walter Beck, for six years a member of the Texas House of Representatives, who had been accumulating data on the subject since 1924. This study had convinced him and others who had been associated with him in the investiga-

tions that, in addition to the actual saving of money, increased efficiency and more adequate service would result from modernized county government.

Their researches disclosed that county government fundamentally remains today as it was imported from England to America. In North America we had well defined county government—having uniform characteristics little changed to this day—for nearly 300 years before we had states.

In fact, the states had their being from delegates representing the constituent counties. Immediately the human impulse to avoid thought and effort on matters which may be shifted to the responsibility of others was evident. The result was largely to subject local government to remote control by legislatures. While unintelligent and un-

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diligent county citizenships, in rare instances, may have been better served by legislatures, diligent and intelligent county citizenships have been sadly enervated and penalized.

Through this remote control, legislatures blanketed their states with uniform county policies which often have been misfits for some of the counties.

Convinced that this system was inefficient and expensive, the Fort Worth Chamber appointed a committee to draft an amendment to the state Constitution. This amendment provided, in effect, that counties may elect to adopt charters designed to fit their individual needs. Under these charters—subject to few limitations—the counties may freely legislate for themselves.

The next need was a campaign of education, first, for favorable action in the legislature to get the amendment before the people and, second, to educate the people to the need of the change.

Sponsored by chamber members

IN THE legislature, the amendment was sponsored both in House and Senate by members of the Fort Worth Chamber. In 1931, it passed the House but failed in the Senate by one vote.

The campaign among the voters was carried on principally by members of the legislature who favored the proposition. A central office was also opened in Austin from which articles were sent to more than 600 newspapers.

Last April the proposition passed both houses of the legislature and, in August, it was approved by approximately 72 per cent of those voting in a general election. Immediately before the election the radio was used to further the cause but this use was limited because of the need for conserving funds. The entire campaign cost only \$2,500 raised chiefly by means of contributions.

Benefits of the amendment are immediately available to the 13 most populous counties of the state and any one of the remaining 241 counties may, by consent of the legislature, proceed.

Under the new plan, it is expected that costs of county government throughout the state will be sharply reduced. No one knows what the total reduction may be but, in Tarrant County, where Fort Worth is located, competent authorities estimate the annual reduction at not less than \$300,000.

The accomplishment is one of magnitude and it would seem that the Fort Worth Chamber of Commerce and Jack H. Hott, its manager, should have general recognition of merit. Their accomplishment will be even greater if their efforts should inspire other chambers of commerce not to neglect undertakings which will bring lasting benefit in spite of organized opposition.

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Using Magazines as Tools

(Continued from page 32)

new high speed machine. They have recently become interested in photo-electric cell wrapping and our Waxed Paper Sales Division informs me they are in close touch with this good company, through whose machines millions of pounds of our paper pass each year.

Merle Thorpe, the Editor, sounds a note of warning regarding the partnership of Government and business. It may be that we have bitten off more than we can chew.

W. M. Kiplinger has a good article on current happenings and writes along the line of his letters which we receive weekly.

There is a new fumigating gas to control insect infestation of certain food products. It is said to be non-poisonous, non-inflammable, etc. Good foods treated in that matter in cartons lined or coated with KVP Waxed Paper would give the manufacturer and the consumer protection to the nth degree.

New uses for paper

THERE seems to be a new bond paper for typewriting which will permit quick erasures with an ordinary pencil eraser. After a few days, the characters typed on it are said to become as indelible as on any other paper.

Synopsis of various codes approved under the NRA are given, but none affects any industry with whom we are greatly concerned.

A new use for paper: In St. Louis, coke is being sold in 15 to 20 pound paper bags to be tossed into the furnace, bag and all.

Kimberly Clark is advertising its "Kleerfect" as "the perfect printing paper." It is an uncoated book paper, probably sold in competition with some other papers from some of the mills here in Kalamazoo.

Dr. Des Autels will be interested in an article on page 37 entitled "Children of the Depression" having to do with many new products out of the laboratory. Among these is a new soap, or rather detergent, called "Dreft" developed by P & G. Possibly this will later be added to the list of P & G products for whom we provide the wrapping paper.

Hammermill keeps plugging away for the use of its Bond on printed forms. Also on its Mimeograph.

Discussing the growth of the idea, Mr. Stewart says, "When we started a few weeks ago, a small conference room held our entire group, but the possibilities have developed so greatly that we have graduated into a meeting of our entire sales force here at the office, plus some of the key men in the manufacturing end, plus any field men who happen to be in the office at the time."

In the beginning, Mr. Stewart prepared all the summaries himself. More recently, however, three others have been enlisted to help in this work.

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Future Protection of the Jobless

(Continued from page 38)

how, the companies made the plan non-contributory in normal years. In a prolonged period of unemployment, if the fund becomes inadequate, an emergency will be declared and all officials and employees not receiving benefits will be assessed one per cent of their earnings which, with a similar appropriation by the company, will be added to the reserve fund.

The U. S. Chamber plan was favorably received but few companies have adopted it.

This is not surprising. Most employers have been so busy meeting present emergencies that they could not attempt to provide for future depressions. It is probable that, with a general improvement of business, many of them will adopt plans of some sort.

The Wisconsin plan

SUCH voluntary action is preferable to action forced by legislation because these individual plans would follow several different lines and provide information which is now sorely needed. Employers should realize, however, that legislation is likely in the next year or two in several industrial states. Wisconsin already has a law on unemployment reserve plans and commissions appointed in several other states have urged legislation.

The Wisconsin law, passed in 1932, requires all employers of more than ten persons to set up reserves from which unemployment benefits of \$10 a week can be paid for ten weeks in one year. Employees earning \$1,500 a year or less are covered, except farm laborers and domestic servants.

An employer may set up his own fund, may join with other companies, or may contribute to the state fund. Separate records will be kept of each company's account in the state fund. The contribution (all by the employer) is two per cent of the pay roll until the reserve amounts to \$55 for each employee covered and one per cent until the reserve amounts to \$75 per employee. The act was to have gone into effect July 1, 1933, unless by that time employers with 175,000 employees had voluntarily established equally liberal plans, but the effective date has since been extended to July 1, 1934. Because each employer's fund is kept separate, the plan serves as an incentive to him to stabilize his force.

On the whole, this is a good plan, although some of its provisions may be questioned. For instance, all factory workers of more than two weeks' service and all salaried workers of more

than one month's service are covered. It seems unreasonable to expect an employer to pay unemployment benefits to an employee of such short service.

The provision that, while benefits are not to be paid to a worker who refuses nearby suitable employment, he need not accept work "if the wages, hours, or conditions are not those prevailing in similar work in the locality or are such as tend to depress wages or working conditions," also provides a loophole for many irregularities in administration.

The law sets up a complicated administrative system, with all the costs and disadvantages that go with it; but this is inevitable under any state scheme. The Wisconsin plan seems to meet with more general approval than any other so far proposed and it has been the basis of most of the plans recommended by state commissions.

The plan recently recommended by the Ohio Commission, however, is entirely different. It provides that all employers of three or more persons set aside two per cent of their pay roll and that employees contribute one per cent, all to be pooled in one state fund. Benefits would be payable one year after contributions begin. The weekly benefits would be 50 per cent of normal wages with a \$15 maximum. There would be a waiting-period of three weeks. The maximum number of benefits in one year would be 16, or the equivalent of 16 full weekly benefits to a person partially unemployed. The provision for part-time benefits allows those partially unemployed always to receive more than those wholly unemployed. All employees, regardless of length of service with an individual employer, are covered, except those receiving more than \$2,000, farm laborers, domestic servants, government employees and casual workers.

All employers must contribute at the same rate until 1937, when the experience of each employer will be checked to see if his rate should be higher or lower. After that time, the rates may be varied from one per cent to 3½ per cent. No record is kept of an individual employer's fund and no maximum is set for the amount in the reserve. Neither is any record kept of the employee's individual contributions.

On an actuarial basis

IT IS claimed that Ohio has sufficient records of unemployment so that the plan can be put on a sound actuarial basis; that, under the compulsory reserve system, sufficient reserves would not be set aside by individual employers to pay adequate benefits, whereas by

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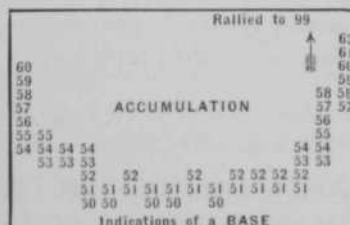
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pooling all the contributions in one fund more adequate benefits could be paid; that the proposed act differs from governmental unemployment insurance in Great Britain, Germany, and other countries, mainly because the state does not contribute or assume any of the administrative expenses.

It is true that such a plan would build up larger reserves than if the same rates were applied under an individual reserve system. There are, however, a number of disadvantages.

There is little real difference between the Ohio proposal and the governmental plans which have resulted so disastrously abroad. The experience with unemployment insurance here is likely to be the same. The predictions would probably prove inaccurate; the funds accumulated inadequate, and the state would then be called on to make appropriations. Thus the plan would be converted into a relief system. The German plan originally provided for no contributions by the state; yet, when the fund built up by the employers and employees became insufficient, the Government voted large subsidies. Latest reports indicate that only a small per cent of the unemployed workers in Germany are actually receiving insurance benefits; the great bulk are receiving public relief.

No incentive to stabilize

BOTH Great Britain and Germany originally provided that employers with good employment records should pay reduced premiums as an incentive to reduce fluctuations in employment. These provisions were discarded when the funds were depleted. It is a grave question whether this would not also happen under the proposed Ohio bill. The employer thus would have no incentive to stabilize and, in the final analysis, the stable concerns would be subsidizing those which would not or could not stabilize.

The strong companies would also be supporting the weak as has been the case in England. The employer would be encouraged to lay off workers when necessary to curtail production, and not try to spread work through part-time. Even should the rates be reduced to one per cent there would be an incentive to reduce the number of workers and size of pay roll, as the contribution would be based on the pay roll.

The provision for pooling all the employees' contributions would probably prove unpopular with the better type of workers. The high-grade, stable worker who is seldom unemployed would draw few benefits. The least efficient worker, the casual worker, and the worker who is employed only for a few months during prosperous times would receive the benefits.


Another objection is that benefits are

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paid to workers discharged or voluntarily leaving and that there is no length of service qualification. The Ohio proposal is, in effect, a relief system. This being the case, would it not be better to devise a relief system as such and not call it insurance?

I believe it is. I believe, too, that, if legislation is coming, it is better for employers and organizations of employers to cooperate in framing such legislation rather than leave the job to those who have little, if any, practical experience in industry. For this reason, I am suggesting a plan for legislation upon which employers might agree.

Federal Government could aid

IT IS generally considered impractical and undesirable to have federal legislation setting up unemployment reserve plans. The Federal Government could exempt from taxation funds set aside for unemployment reserves and, in addition, let the employer take as a credit on his income tax a certain percentage of his contributions to the fund.

No state legislation for unemployment reserves should attempt to meet the present emergency, because reserves must be built up during a period of years before any payments can be made. Obviously employers are in no position at present to accumulate reserves. Any legislation which is enacted should provide for no contributions until we are well on the way out of this depression. It should be stipulated that contributions would be made for at least two years before benefits became payable.

The bill should follow in general the lines of the Wisconsin act. It would require employers of more than ten persons to build up a reserve fund with contributions of two per cent of the payroll until the reserves amount to \$75 per eligible employee. Employees of more than six months' service would be eligible, thus confining the benefits to the regular employees for whom the employer would feel responsible.

Employees receiving more than \$2,000 a year, farm laborers, and domestic servants would be exempt. A benefit of 50 per cent of normal pay with a maximum of \$15 could be paid to workers laid off because of slack work after a waiting-period of four weeks. The four weeks' waiting-period would prevent the fund from being depleted by short periods of unemployment. The number of benefits would depend upon the employee's length of service, with a maximum of 13 weekly payments during 12 consecutive months.

Payments would not be made to workers who refuse to accept suitable employment. Benefits would be paid to part-time workers to make up the difference, if any, between their actual earnings and 50 per cent of normal earnings.

If the plan was a contributory one, a

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874	16	2	697	38
79	63	3	72	15
4688	17	4	3101	47
505	-	5	398	-
36	74	6	42	75
101	72	7	74	16
242	67	8	121	33
67	18	9	51	06
2687	88	10	2101	46
1417	22	11	933	17
897	77	12	627	88
3416	22	13	2989	73
5	-	14	6	75
234	15	15	101	16
468	17	16	389	07
1074	32	17	801	40
843	26	18	737	15
987	25	19	801	14
2417	88	20	1567	45
1432	17	21	968	22
747	03	22	501	70
2788	80	23	1976	30
840	26	24	700	40
467	18	25	301	70
28753	43	Total Sales	21225	70
2	68	Express		
12	30	Freight		
		Cartage		
1	05	Post		
	35	P.P. Ins.		
28737	05	Total Billing	21225	70

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ANY LOSS IS COSTLY



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Are you operating your business today with unnecessary risk? Have you carefully considered the most practical way of avoiding unnecessary dangers? Inadequately protected boundaries frequently result in staggering losses, invite theft and other forms of vandalism and increase the possibilities of destructive fires.

Efficiently, economically, Cyclone protection eliminates these evils, enables the proper maintenance of order, the careful control of men and material, and the safe outdoor storage of raw or finished products.

Once installed, Cyclone Fence represents an investment that pays annual dividends. Of superior design, it is constructed of heavily galvanized rust resistant copper-steel, and, if you desire, its erection is quickly, easily accomplished by our factory trained crews. The facts will prove interesting. Send for them. Address Dept. N. B.

Cyclone Fence

Cyclone Fence Company

General Offices: Waukegan, Illinois
SUBSIDIARY OF UNITED STATES STEEL CORPORATION

BRANCHES IN PRINCIPAL CITIES

Pacific Coast Division:
Standard Fence Company
Oakland, Cal.

Cyclone—not a "type" of fence,
but fence made exclusively by
Cyclone Fence Company and
identified by this trade-mark.



separate fund properly trusteeed would be created in which a record would be kept of each individual worker's contribution.

Benefits would be paid from the employees' fund after payments from the employer's fund had ceased. Any balance in the employee's account would be paid him upon leaving the employ of the company or upon retirement, or to his beneficiary on his death.

An individual employer or a group of employers should be permitted to set up and administer their own plan provided the benefits are at least equal to those of the state plan and the funds are properly trusteeed.

Other employers would contribute to the state fund but an account would be kept with each employer. Under the self-administered plans and in all cases if possible, benefits would be paid direct to the employee by the employer rather than by the State.

Liability to be limited

THE employer's liability would be limited by the amount in his reserve fund. When the fund was exhausted, benefits would cease until additional contributions had been made. The legislation should include safeguards to prevent the plan's being converted into a relief system.

Such a plan would not help immediately, but during the next few years it would benefit the employer, the employee and society as a whole. In actual practice, it would tend to reduce unemployment. Since the employer would save to the extent to which he stabilized, he would undoubtedly try to plan production so that he would not have to lay off workers.

In seasonal fluctuations he would probably reduce working-hours rather than lay off workers, because, if he could keep the force occupied 50 per cent of the time, no benefits would be paid. This would also take care of curtailment in production necessitated by minor depressions.

For employees laid off in normal times because of technological changes or changes in product, the plan should serve as a dismissal wage.

During normal times or in minor depressions the plan would help to reduce unemployment, and the greater part of the fund would probably be conserved to provide unemployment benefits during periods of severe depression.

The funds would be invested in short-term government or municipal bonds which could be readily marketed. The demand for short-term government securities recently indicates that the sale of these securities by trustees would have little effect on the bond market.

Economies in production costs, brought about by reduced fluctuations in employment, lower turnover, and bet-

ter morale of the force, would go a long way to offset the employer's appropriations to the fund. This has been the actual experience of some companies with unemployment benefit plans.

Employee would benefit

THE employee would naturally benefit because he would feel more secure in his position and because during normal times he would not suffer so much unemployment as in the past. Should he be laid off during a period of deep depression, he would receive benefits for a number of weeks which, with his own savings, would help tide him over.

Society as a whole would benefit by the reduced burden of providing for those affected by seasonal unemployment and minor depression unemployment and the reduced load on the public relief organizations in times of deep depression.

The workers would not be dependent upon public relief so early and there would probably be fewer ultimately dependent upon it. At the same time the benefits paid to the unemployed would help to maintain purchasing power and serve as a cushion to keep the depression from going as low as it otherwise would.

The adoption of reserve plans means that employers accept a certain responsibility for their regular and stable employees. Society as a whole should provide for the relief of the casual workers, those who shift from one employer to another, and those who are unemployable because they lack mental or physical qualifications. During an extended depression it would be necessary for society to take care of the additional load of the stable employees laid off, but this load would not be nearly so great as at present.

Emergency relief, too

IT IS impossible to predict what such a load would be during a severe depression and to build up sufficient reserves to place it on a sound insurance basis. For this reason it would be bad policy to attempt under any plan of unemployment reserves or unemployment insurance to provide for this contingency. Would it not be better to have a sound system of relief to handle this emergency load?

This relief system should be entirely separate from the unemployment reserve plan and should be based upon the experience of municipalities and states in the present emergency especially in regard to work relief.

With the proper system of unemployment reserves and a better system of relief to be administered by governmental authorities, the country should be in a much better position to meet future unemployment problems.



**STOPPING
A
RACKET
IN
MOTOR OIL**

WHEN BUYING OIL, the average motorist has been about as helpless as a babe in the woods.

For example: The Contest Board of the American Automobile Association, in a New York survey, found that 63% of the oils purchased were not as represented. They were either wrong grades, cheaper oils or diluted mixtures. A surprising number were short measure.

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To help its customers, Continental is also informing motorists of the gamble they are taking—is teaching the public to insist on canned oil—through advertising in national magazines.

The Continental Can Company extends its service in research, design and development to every industry whose products are or might be packed in cans. We invite consultation.

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Do your carbon
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no!

The diagram shows three carbon copies of a form. The text on the copies is misaligned, with some words appearing on different lines or being cut off. A large 'no!' is written over the copies, indicating that standard forms do not ensure consistent information across carbon copies.

When faulty registration occurs your business forms say the same thing but not in the right place. With ordinary friction-fed forms such inaccuracies are common or are prevented only by time consuming, human effort.

yes!

The diagram shows three carbon copies of a form. The text on the copies is perfectly aligned across all copies. A large 'yes!' is written over the copies, indicating that Kant-Slip forms ensure consistent information across carbon copies.

With Standard Kant-Slip forms, carbon copies do say the same thing at the right place. Observe how accurately the typewriting is registered on all carbon copies. With Kant-Slip forms alignment is automatic.

why

The diagram shows a mechanical device, likely a typewriter or a similar machine, with a 'why' callout. This is part of an advertisement for the Standard Register Company, which promotes their Kant-Slip forms.

Kant-Slip business forms have the distinctive marginal punches which, together with Standard's Registrar platen, control the alignment of all carbon copies. For use on typewriters, billing, accounting and tabulating machines. Write for complete information, using the coupon below.

BUSINESS MACHINES FORMS DIVISION
THE
STANDARD REGISTER
COMPANY
DAYTON, OHIO

The Standard Register Company,
Business Machines Forms Division,
Dayton, Ohio.

Please give me complete information on your Kant-Slip forms and the Registrar platen.

Name.....Address.....

Firm.....City.....

Equipment Used.....N.B.-3

When writing please mention Nation's Business

The Open-price Problem

★ OPEN-PRICE agreements have recently been flung into sharp relief through code hearings in Washington, National Recovery Administration rulings and studies and congressional attention. They promise to loom even larger in the March conferences of code authorities.

What are they? Why are they? What is their present significance?

Open prices may be broadly defined as those resulting from an agreement among a group of business men that they will file at some central point the prices for which certain commodities are being sold or are to be sold, either for a specified time or until further notice. Open-price associations, the immediate subject of the NRA study referred to, are of course those business groups, usually trade associations, which have price reporting or other open-price activities as one of their functions.

In certain fields open prices have long ruled—ready examples are the stock and commodity exchanges, where buyers and sellers have constantly before them the exact prices at which goods are changing hands. In other fields, particularly in the field of fabricated goods, there is no such machinery whereby buyers and sellers can instantly learn the price at which a given commodity is changing hands. Diversity of standards and other factors have militated against such machinery. How shall a manufacturer of office chairs, for example, know whether his price for a certain chair is above or below that of a competitor? How shall a prospective buyer of such a chair know whether he is being overcharged by a manufacturer?

The practical answer

THE obvious answer in the latter case is for the prospective buyer to shop around. This he does, but the process often leads to a new problem for the sellers, the solution of which is one of the principal purposes of open-price agreements. This is the practice now popularly referred to as "chiseling"—the driving down of prices by the buyer by playing seller against seller through one device or another. This "chiseling" has led to cut-throat competition, secret price concessions and a variety of other abuses which have contributed to the demoralization of business and which the National Industrial Recovery Act would, as one of its objectives, curtail.

Visioning curtailment of these abuses and a return of business at a profit, many business men were quick to sign codes which provided some arrangement whereby they could know the prices at

which their competitors were selling or would sell goods. Indeed it is logical to assume that these open-price provisions or other provisions to eliminate unfair competition were no small factors in the willingness of the industries concerned to assume the increased costs entailed by the hour and wage provisions of their codes. To some, open-price clauses were the vital *quid pro quo* in code agreements.

The "waiting periods"

CLAUSES providing "waiting periods" after which posted prices would become effective were deemed of special importance in certain manufacturing industries, since such periods gave time for this price information to be disseminated through the industry and also allowed time for individual manufacturers to adjust their own prices to those posted, if they so desired. Open-price clauses which make prices effective immediately upon filing do not meet the needs of these industries, those concerned point out. Indeed, they say, it leaves them in plights little or no better than in pre-code days.

An idea of the prevalence of open-price provisions in present codes may be had from the fact that of the 131 codes for manufacturing industries approved as of December 19, 66 included price-filing clauses. A number of these 66 specified that prices were to become effective ten days after filing, others extended the time to 20 days, while still others made prices effective immediately upon filing.

So much for the sellers' side of the open-price question. Now let us see how buyers look at the question and the more or less uniform and in many cases higher prices which such policies often entail. Some of them gave instances of the actual operation of such policies at the Price Increase Hearing held in Washington January 9-10.

There was the representative of the Mail Order Association who declared that the open-price list clauses of certain codes were nothing more than disguises for price fixing. He referred to the periods before new price lists become effective under these provisions as "the period of persuasion," and contended that, under an open price, list prices were averaging even higher than under an outright price-fixing clause.

There were the purchasing agents of the city of Milwaukee and of the state of Maryland, who criticized the uniformity of bids for cement. Speaking generally, buyers contend that open-price policies offer opportunity for un-



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"CANADIAN CLUB," happily, is one of those few products known the world over for consistent, unvarying excellence. When Hiram Walker, in 1858, founded this now vast business, he laid down hard-and-fast principles of quality and purity. Those principles have not been changed in 75 years. They

are practiced faithfully today, in every process of distilling and leisurely mellowing "Canadian Club" — whose age is attested by the government's official stamp which seals the bottle. Those same principles are your assurance that any product bearing the name of Hiram Walker & Sons measures up to the high standards so evident in "Canadian Club."

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N.B. 3-34

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duly high price levels. With producers knowing what their competitors are charging for a given commodity, buyers point out, one producer may post a higher-than-warranted price and others may follow suit, knowing that the buyer must buy at that price and preferring to take chances on getting a certain amount of business at a profitable level rather than to precipitate a price-cutting fight by posting a lower price. In some industries, they say, dominant elements can post a price and in one way or another force all other elements to adhere to it. Thus buyers see open-price agreements as a hindrance to the free play of competition, a device by which artificial prices may be set and exacted.

The attitude of NRA

NOW what of the National Recovery Administration's views in the matter? Open-price systems in codes already approved, said Divisional Administrator Whiteside at the opening session of the Price Increase Hearing, unquestionably are tending toward uniform prices. He expressed the opinion, however, that nothing was to be feared by consumers from this tendency, for the present at least, because of the surplus facilities for production in practically all lines of industry. NRA, he said further, is "experimenting with the open-price system" and watching it carefully to see what it produces.

That what it is producing, however desirable the results may appear to businesses now operating under codes having open-price clauses, is not altogether pleasing to the NRA has been indicated by subsequent developments.

On January 12, after the hearing on January 10, Mr. Whiteside submitted a summary and preliminary report to National Recovery Administrator Hugh S. Johnson in which he stated that "at the moment it appears evident that it will be necessary to hold hearings to investigate the specific implications involved in regard to price provisions in some codes" and, further, that the evidence accumulated at the hearing was being given detailed study.

Also in this report, however, he reiterated his reassurances to consumers concerning any trend toward price fixing.

"Our past experience," he wrote, "has demonstrated that it is almost impossible, even if it were contemplated, for groups of producers or distributors in which the number of units engaged is more than very few to maintain prices at fixed levels for a protracted period, for in all divisions of industry there are excess production facilities, and in the circumstances price agreements if made will inevitably be broken.

"When excess supplies hang over the market," he went on, "prices cannot rise and remain at high levels. We look to

the code authorities to keep in continuous contact with the trend of prices in each particular industry and voluntarily to suggest the necessary modifications to prevent destructive price cutting or excessively high prices which will exploit the public or the small industrial or distributing buyer, but we should not rely on this. The Administration and the Consumers Advisory Board will bring constant pressure to bear to bring about a just and fair result."

Pursuing developments further, on January 15-16 a hearing was held on proposals for the modification of selling and marketing provisions, including certain open-price provisions, in the Cement Industry Code. The disputed provisions were set aside pending approval of modifications.

On January 27 Administrator Johnson announced that pending completion of a study of open-price associations, he would not approve open-price provisions in pending codes which prescribed a waiting time before the prices filed became effective. Such provisions, he added, will be stayed "for 60 days or pending completion of the study." Provisions in pending codes which provide that revised prices shall become effective immediately upon filing were not affected. With prices effective as of the time of sale, the Administrator is understood to believe, rather than ten or 20 days after posting, free competition, subject to code clauses against below-cost sales, would still be preserved.

On February 4, Mr. Whiteside indicated a swing away from his earlier views. Citing complaints of price increases and price uniformity apparently resulting from open-price agreements of the "waiting period" variety, he concluded that "the so-called waiting period should probably be deleted from the majority of open-price provisions. Theoretically this provision has a legitimate purpose. In practical operation it may lead to intimidation and coercion and result in a uniformity of high prices."

Thus are the issues indicated as among sellers, buyers and the Recovery Administration.

They raise certain questions, among which the following stand out:

Is it the use, or the abuse, of waiting periods which has led to their being called "periods of persuasion" and to being forbidden in pending codes? If it is the abuse, can this not be corrected—remembering the useful nature of these periods in certain industries—otherwise than by banning them entirely?

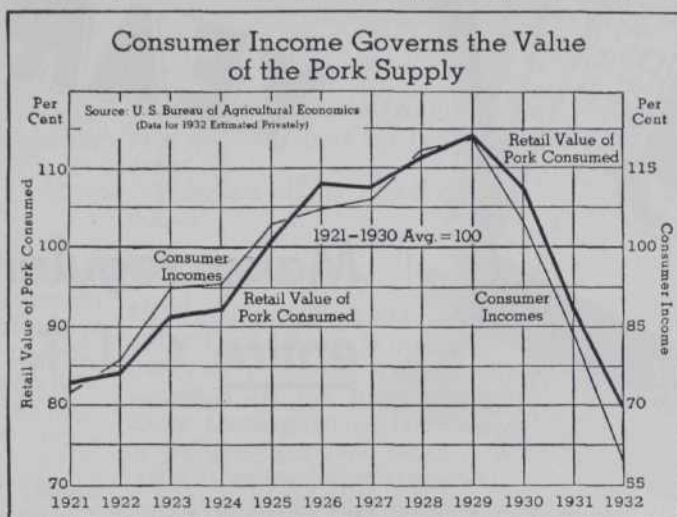
Can certain industries carry their added burdens under the codes without the added revenues to be derived from a practical form of open prices?

Can free price competition be successfully preserved when many of the elements which enter into price—wages, hours, terms of sale, etc.—are in the main fixed?

—P. H. H.

The Book of our Year

1 9 3 4 Y E A R B O O K



SWIFT & COMPANY'S
Year Book for 1934 is out!

Whether you are farmer, business man, or consumer, you have a vital interest in the contents of this book and you'll want to read every page. There's an article, "Meat Prices and Consumers' Incomes" (page 12) that explains, for example, who makes the price of meat. The chart reproduced above illustrates this article. You will learn that the supply of hogs to be marketed and the incomes of office employes, professional people, artisans, workers in building trades, and all who work for wages determine the value of meat.

You can read (on page 30), perhaps for the first time, what a milk fed chicken really is. And

the book explains—in a fascinating manner—something of the broadly diversified organization of Swift & Company.

The "Report to Shareholders" by President G. F. Swift (on page 4) gives an executive's view of several of the Company's activities during 1933.

"The Importance of By-Product Values" (page 16) is of particular interest to the readers of this announcement.

Reference is made to the fact that Swift & Company's profit, from all sources, averages only a fraction of a cent a pound.

If you would like a copy of Swift & Company's Year Book, please fill out and mail the coupon, and you will receive it, free of charge.

Swift & Company

Purveyors of fine foods

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Year Book.

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Address.....

City..... State.....

953C



YEAR OUT

Make regular use of the
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Today, in many lines, it has become accepted practice for the manufacturer and merchant to give credit terms to customers who prefer to pay out of income. Each year a large proportion of automobile, refrigerator, and oil-heater sales are made on deferred payment terms. But many business men do not realize that practically any type of machinery or industrial equipment is now purchasable on a sound instalment basis. In fact more than eighty types of products are financed through C. I. T.

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What Bankers and Investors Discuss

★ TO MEN who think of money in terms of pay rolls and bank balances and costs and selling prices, the surprising thing about the change in the value of the dollar, the gold standard, the monetary revolution and all the rest of it, is that so little seemed to happen. Stocks went up, commodities advanced a bit, but business wasn't shocked. The dollar bill still was a dollar—about six inches one way by $2\frac{1}{2}$ the other. It seemed to buy about the same amount. The salaried man found the same figures on his check and the proprietor was still wondering if the ink would be red or black. Business was apt to re-echo its hope that the action of early February might settle things for a while and that there would be less talk about change.

Some Satisfaction

THERE was in fact a certain satisfaction in seeing the dollar gain strength in international markets, in seeing the "flight of capital" turn about and gold flow in from abroad. It has been a little puzzling lately for the ordinary, plain citizen to feel that the dollar was a fugitive thing, a slipping thing.

And so he felt, on the whole, pleased when he read in his newspaper about "the return of the dollar after an 11-month period of instability to what the bankers regard as its old position as the safest and most attractive currency in the world."

Deterding Digs Bankers

BANKERS had to laugh at this from a letter written by Sir Henri W. A. Deterding, the great European oil man to an American friend and quoted in the *New York Times*:

"What is wrong almost with the whole world is that bankers have failed to understand the difference between a precious metal, like gold, and money. They have hopelessly mixed up the two, and I believe that if you asked a banker—point-blank—whether he thought that gold was money, he would reply, 'Of course, it is.'"

Mythical Gold Profits

AFTER reading that what could the puzzled business man—even the banker—make of such sentences as these from the *Commercial and Financial Chronicle*:

The taking over of the entire gold hold-

ings of the country and turning back only 60 per cent of the same (or but 59.06 per cent) is an act of disgrace from every conceivable standpoint, national, economic or ethical, besides being an arbitrary exercise of power which in itself does not befit a country populated with freemen. The "profits" assumed to grow out of such a transaction are not profits at all. They are devoid of every element of genuine profits, and are nothing less than a sham. It is not alone that the Federal Reserve Banks are robbed of a large part of their holdings of the metal, aggregating \$3,500,000,000, but that everyone else is in like manner deprived of a portion of what belongs to him.

Six mill cents, too

WE are talking of a "60 cent dollar" but what we really mean is a 59.06 per cent dollar.

There are still 100 copper cents in the dollar.

Government and the Banks

HOW much of the capital of the banks of the United States is now under control of the Federal Government through purchases by the Reconstruction Finance Corporation of preferred stock of national banks and capital notes of state banks and trust companies?

That is not an easy question to answer since figures of capital stock, surplus and individual profit, are not always currently available.

Following is an estimate prepared by a man who has devoted some years to a study of our banking system:

The banks of the United States had on June 30, 1933:

Capital	\$2,986,000,000
Surplus and undivided profits	3,675,000,000
	<hr/>
	\$6,661,000,000

On January 20 of last year the Reconstruction Finance Corporation had purchased \$904,700,000 of the preferred stock and capital notes of 5,596 banks. That amounts to about 30 per cent of the capital stock of these banks and 13.5 per cent of the capital surplus and undivided profits. It may reach a billion and a quarter in the next few weeks.

The Government has, then, a partnership in about 40 per cent of the going banks in the country.

In some cases when the ownership is of preferred stock and the amount bought by the Reconstruction Finance Corporation is large the Government is in actual control. In all cases there is some power of intervention in the activities of the banks.

But government officials within the Treasury and the Reconstruction Finance Corporation are quick to disclaim any desire to interfere.

Where the Money Goes

AN interesting sidelight on where money goes these days was provided by a report of the investments of 28 leading life insurance companies for the week of December 9.

Out of nearly 14 millions only \$600,000 went into mortgage loans. That was divided: \$130,000 farms and \$470,000 other properties.

United States Government bonds got 55 per cent, Canadians 15 per cent and state and municipals about 17.5 per cent.

The National Income

THE Bureau of Foreign and Domestic Commerce, working with the National Bureau of Economic Research, has answered the United States Senate's request for information with some surprising figures on the national income.

On those figures, income produced went down from 81 billions in 1929 to 38.3 billions in 1932, a drop of 54 per cent. Income paid out did not go down as fast as income produced, dropping from 81 billion in 1929 to 49 billion in 1932.

The people of the United States had a two billion dollar surplus in 1929 and 10.5 billion deficit in 1932.

The hardest hit class of the population seemed to have been the wage earner, with those who live on dividends and rents running a close second.

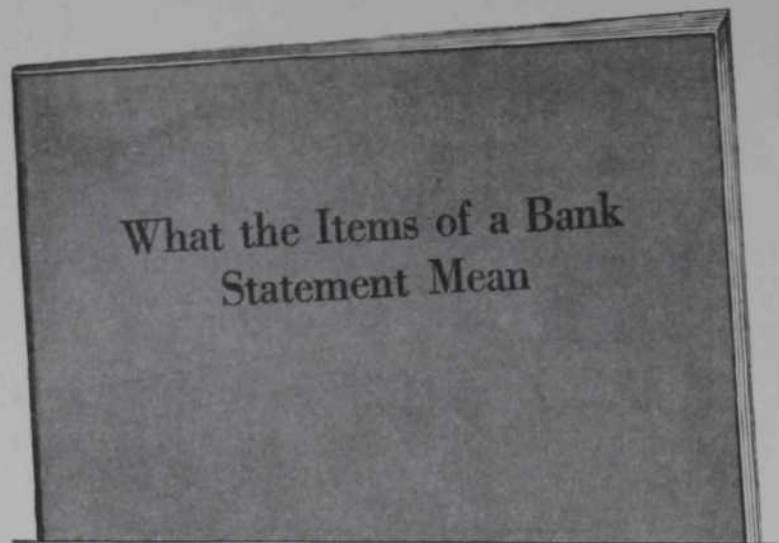
Government suffered least. There and there alone did expansion of employment occur.

About Losing Accounts

THE much fought over schedules of charges for carrying accounts which so upset the bankers and General Hugh S. Johnson were based on a clause that banks should not carry losing accounts at the expense of other depositors—a clause which sounds sensible.

It would not, however, be difficult to find bankers who feel that such an agreement was of uncertain value.

"Why," asked a man of experience in banking in small and large cities, "should I be told that I cannot take a losing account. Here's a young man I know. He's starting in business and I



*Copies of this booklet are available to
business executives*

What Does a Bank Statement Mean?

THE statements of condition published periodically by trust companies and banks give data of importance and interest to their customers and the public generally. The form and phraseology of these statements, while the result of long usage and careful study, may seem technical to many persons.

We have published a booklet, "What the Items of a Bank Statement Mean," by Stuart H. Patterson, Vice-President and Comptroller of this Company, that gives a non-technical explanation of the various items appearing in the latest published statement of this Bank. We shall be pleased to supply the booklet to business executives.

Guaranty Trust Company of New York

140 Broadway

Fifth Avenue at 44th Street Madison Avenue at 60th Street

LONDON PARIS BRUSSELS LIVERPOOL HAVRE ANTWERP

When writing to GUARANTY TRUST COMPANY please mention Nation's Business

have confidence that he'll win out. Am I to say to him, 'Yours will be a losing account I fear. I can't take it unless I put upon it burdensome charges.' I'd like to help him even if it did cost the bank a little.

"Oh, I know that the schedule of charges was only supposed to cover actual cost of handling checks but I'm thinking of the principle of the thing, of the right of a man to do business his own way, to take accounts that he had reason to believe would be valuable in the future."

A Business View

MEETING the general manager of a large advertising agency, I asked him what he would think of an agreement not to take losing accounts.

"I wouldn't," he said. "We have taken hundreds of losing accounts in our day. I suppose 70 per cent of them were losing until they died but the other 30 per cent probably more than made up the loss."

What Liberties Shall We Keep?

(Continued from page 14)

oratory on the subject of personal liberty, but no one seems to care for liberty in the abstract. The only liberty we want seems to be the liberty to do what we want to do. Only a few want to run large businesses. Most of us want some one else to give us a job and find the means of paying us our wages. The majority who do not want to run a business care nothing for the personal liberty of the business man. Most of us like to talk. Therefore the personal liberty of the talker seems sacred and worth fighting for. In short, what most of us mean by the end of *laissez faire* is the beginning of government control over others than ourselves.

One who views the whole problem in a detached and impersonal mood can see no harm but some good in an extension of rational control. It does seem ludicrous, however, to let our simian traits take the place of reason in our formulation of codes. One rational form of control would be an enlargement of our concept of fraud. If selling an alleged gold brick is fraud, so also is selling an alleged antiseptic which possesses no antiseptic power. In general, there can be no rational objection to a law requiring truth in advertising. But if untruths in advertising are to be suppressed, how about untruths in teaching and preaching? There is danger here.

Every learned profession has its own professional standards. Business has lagged behind the professions in the development of standards. The present

(Continued on page 79)

What Happened

TO THE

Fifty Million Dollars



...HOUSEHOLD LOANED LAST YEAR

OFFICES IN 96 CITIES

Illinois

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Aurora
Bloomington
Champaign
Chicago
Cicero
Decatur
Freeport
Galesburg
Joliet
Moline
Oak Park
Peoria
Rockford
Springfield
Waukegan

Indiana

East Chicago
Evansville
Gary
Hammond
Indianapolis
Michigan City
South Bend

Iowa

Davenport
Des Moines

Maryland

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Massachusetts

Boston
Springfield
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Michigan

Battle Creek
Detroit
Flint
Grand Rapids
Highland Park
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Kalamazoo
Lansing
Muskegon
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Saginaw

Missouri

Kansas City
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Newark
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Flushing
Fordham
Hempstead
Jamaica
New York
Niagara Falls
Rochester
Syracuse
Utica

Ohio

Canton
Cincinnati
Columbus

Pennsylvania

Allentown
Altoona
Chester
Easton
Eric
Johnstown
Lancaster
McKeesport
New Castle
Norristown
Philadelphia
Pittsburgh
Reading
Scranton
Wilkes-Barre
York

Rhode Island

Pawtucket
Providence

Wisconsin

Appleton
Beloit
Eau Claire
Fond du Lac
Green Bay
Kenosha
La Crosse
Madison
Milwaukee
Oshkosh
Racine
Sheboygan
Superior
Wausau

LAST year, the one hundred fifty-five Household offices in ninety-six cities loaned \$50,113,624.00 to families, the largest loan was \$300.

Where did this money go? For what was it used?

80.7% paid bills already existing—refinanced and amortized debt burdens.

Only 10.84% went for things that might have been dispensed with, such as education, travel, Christmas gifts, and automobile repairs—and even these purposes can be considered justifiable.

The fifty million dollars of Household money helped to thaw frozen credit, clear the channels of trade, speed the wheels of commerce.

This fact becomes even more important when it is realized that these borrowers, practically without exception, had no other source of auxiliary money.

They had no negotiable collateral, no bank credit. They did not call on friends to sign their notes. With self-respect and self-reliance, they were enabled through the Household Loan Plan to solve their own money problems to the benefit of all business and at reasonable cost.

Business men know a retail price must cover operating costs and a reasonable profit. Efficiencies never can reduce retail prices to the level of wholesale prices. However, when methods are devised which permit renting the use of money to families at rates lower than the $2\frac{1}{2}$ to $3\frac{1}{2}\%$ a month now charged on unpaid balances Household will be found using those methods.

HOUSEHOLD

FINANCE CORPORATION

and subsidiaries

Headquarters: Palmolive Building, Chicago, Illinois



MONEY MANAGEMENT FOR HOUSEHOLDS

a helpful booklet in budgeting the family income, leading to the happiness of financial security, is offered without charge to your employees and customers. Mail or telephone their names to our nearest office.

I REVIVED 19 "DEAD" ACCOUNTS ..and Got 7 New Ones with this Simple IDEA!



I HAD never tried using pencils to carry an advertising message before I saw one of the new Autopoints. But this new mechanical pencil was so attractive, that I decided to make a test.

I simply couldn't believe it, when the results started to roll in. They brought us business for upwards of a year. In the first six months, 13 "dead" customers called us up and we were able to trace the "revival" to nothing but these little ambassadors! Half a dozen other such episodes followed. And out of ten new customers who came to us voluntarily, we found seven who had become familiar with our name because of our Autopoint pencils.

But it is not surprising that my Advertising Autopoints have become the favorite writing tools of so many men. They're beautifully colored; really artistically designed; and expensive-looking. I never saw such a sturdy, fool-proof pencil, or one that could take so much punishment. That's why Autopoints now go to bigger and bigger lists for me, every year.

Many Autopoint "advertisers" can tell you stories like this. Why not find out what these little sales ambassadors can do for you? Enclose this coupon, with your firm's letterhead; get our book "37 Sales Plans." This book will show you 37 tested ideas in which Autopoints brought amazingly gratifying returns! There is a successful plan in this book for you!

Save 41 Cents Per Employee

Did you know that Autopoints are now saving sums running into many dollars for leading firms — just by cutting down the cost of wood pencils? 41¢ per employee is the average; in many cases it is much larger. Multiply this saving by the number of your employees — see how many dollars it amounts to.

The Autopoint Co.
The Better Pencil

Autopoints are Available at all Reliable Stationers

The Autopoint Co., Dept. NB-3
1801 Foster Ave., Chicago

☐ Send me your book of 37 tested sales plans. No obligation. ☐ Tell me how I can save 41¢ per employee per year. (Mark either or both)

Firm Name _____

Address _____

Individual Name _____ Title _____

When writing please mention Nation's Business

★ ★ ★ ★ ★ ★ ★ ★ ★ ★

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★ ★ ★ ★ ★ ★ ★ ★ ★ ★



Two glorious weeks on a famous
President Liner via Havana and
the Panama Canal en route to

CALIFORNIA
cost only **\$165** First Class
ROUND AMERICA ROUNDTRIP \$255

Two sunny weeks on a regular Round the World or Trans-Pacific President Liner from New York. Carefree days of play on ample decks and in an outdoor swimming pool... Two weeks you will remember happily forever... Then California—winter's own summerland.

If you would like to go West this way and return by train, fares are from \$255 First Class, \$210 Tourist—including your railroad ticket to New York, and home again from California. Sail any week from New York. (Fortnightly from California, if you'd prefer to go out by rail, return East by sea to New York.)

ORIENT • ROUND THE WORLD

A sailing every single week. Go as you please. Stopover as you choose. Continue on the next or a later President Liner. Roundtrip fares for Orient summer vacations are very low... And you may go Round the World for as little as \$654, First Class. Get all details from your own travel agent, or see or write

DOLLAR
Steamship Lines

604 Fifth Ave., New York. 110 South Dearborn St., Chicago. 311 California St., San Francisco —and other principal cities.

When writing please mention Nation's Business

What Liberties Shall We Keep?

(Continued from page 76)

movement for the formulation of government-imposed codes may serve to fill the gap. While distinctly less desirable than self-developed professional standards, they are better than nothing, and should improve business practices. On the whole, therefore, one who is not an incorrigible liberal nor a dyed-in-the-wool authoritarian could look on the present extension of government authority with something more than complacency, were it not for the vast increase in the number of voters on the government pay roll. One may, however, indulge in the pious wish that our governments were as eager to control those businesses that cater to our baser appetites as to control those that produce useful commodities.

Liberals lose and gain

THE battle between liberty and authority, or between liberals and authoritarians, is spread over a wide terrain. As in many battles, the issue is in doubt because neither side advances along a straight front. Either side may be gaining ground in one part of the field and losing ground in another. Liberals are, temporarily at least, losing ground in that part of the field where the controversy is over government control of manufacturing, banking, and transportation. Authoritarians have captured several trenches and made a deep salient.

On the subject of moral censorship, liberals are gaining and authoritarians losing ground. On the subject of freedom of speech and press, of education and religion, the liberals are at least holding their ground. If the authoritarians were about to gain a sweeping victory, as is implied in the prevalence of writings on "The End of *Laissez Faire*," we should be in danger of the extension of government control even over these activities. In other words, we should not expect to avoid what has happened in Russia, Italy, and Germany.

The real source of danger lies in the fact that a dictatorial government may perpetuate its power by putting vast numbers of voters on its pay roll, some of them in Washington, or in connection with the administration, others on various projects which are only thinly disguised doles, still others on farms where they are paid for doing what the corn borer, the hog cholera germ and the boll weevil would do for nothing. Put enough voters on the government pay roll and they can hold the balance of power and perpetuate a dictatorial government.

One of a series, "What is the Associated System?"

Serving America's Main Street



Most of the 4,000 communities served by the Associated System are of small size. Only 86 have more than 10,000 population. Whether it be a small town in New England or a village in Kentucky or Tennessee, the service is comparable with that supplied in great cities.

Largest groupings of the communities served are in New York, Pennsylvania and New Jersey. During the period 1928-1932, the average residential electric rate paid to the System underwent a reduction of 15%.

About 100,000 of the 1,417,000 total customers have invested in Associated securities. The Plan of Rearrangement of Debt Capitalization aims to keep the Associated System intact and to protect the investments of these customer-investors as well as the investments of all the 350,000 Associated security holders.

Associated Gas & Electric System

61 Broadway



New York

ACCOUNTANTS! BUSINESS EXECUTIVES!

Here is what you want —

the Second Edition of the famous

Accountants' Handbook

WHETHER you work on the accounts yourself or use them in business management, the **Accountants' Handbook** is the first place to go for help on accounting questions that come up in your business day.

In this great book you will find the information you need to handle expertly any situation you may meet—everyday or emergency—from simple bookkeeping to higher accounting.

A "Reference Library" in One Volume for Everyone Concerned with Accounts

When you begin to use this Handbook, you extend immediately your accounting ability. Its 33 sections put at your command modern practice covering the entire range of accounting—principles, procedure, systems, controls, analytical methods, audits, etc.

In dealing with any question, you can select, not merely the usual, but the best method for your purposes. You see all sides, get best opinion on all angles—not only accounting, but banking, legal, financial. When you must handle situations outside your personal experience, you are sure to find here the guidance you need.

Every feature designed to save you time

Nowhere else, at any price, is there anything like the **Accountants' Handbook**. It brings together vital information you would otherwise have to seek out in hundreds of sources. Concentrated in 1873 pages is material equal to 4500 of usual style, or 10 big books. Tables, rules, definitions, and formulas abound; 60-page index.

Send No Money—5 Days' Examination

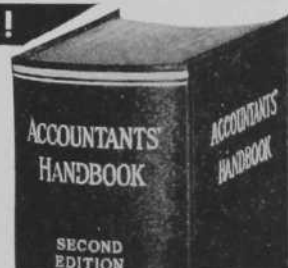
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This contains many valuable tables, shortcuts and checks, and data used in everyday business. It is yours to keep without additional charge if you retain the Handbook. To get one, mail the order form at the right—at once.



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1873 pp.; Flexible Binding; \$7.50

MAIL THIS "ON APPROVAL" FORM

THE RONALD PRESS COMPANY
15 East 26th Street, New York, N. Y.

Send me a copy of the **Accountants' Handbook**, (2nd Edition), together with the **Pocket Memorandum Book**. Within five days after their receipt, I will send you \$7.50—plus a few cents delivery—in full payment for the Handbook alone, or return both books to you. (We pay delivery charges if cash accompanies order.)

☐ Check here if you prefer to pay for the Handbook in 3 monthly payments of \$2.50 each

Name (please print) _____ M765

☐ Firm or ☐ Reference* _____ Title or Position _____

Business Address _____

City _____ State _____

*must be filled in if order is not accompanied by cash

TOTAL ISSUE OVER 100,000 COPIES

WHAT WOMEN WANT



★ THE TRIBUNE was the only Chicago newspaper which gained in total department store (loop and outlying) advertising in 1933. The Tribune *gained* 406,813 lines. The combined loss of all other Chicago newspapers was 1,558,482 lines.



★ ON THE BASIS of results, women's wear departments of Loop (downtown) department stores in 1933 placed 725,053 *more* lines of advertising in the Tribune than in any other Chicago newspaper.

WOMEN get in the Chicago Tribune everything they want in a newspaper. Their preference for Tribune news and features has won for this newspaper the largest, most responsive women audience in the Chicago market. Because of this the Tribune is the preferred advertising medium of Chicago department stores, specialty shops and retailers as a group. If your advertising must click with women, if you want volume sales with profit in the Chicago market, concentrate in the Tribune. A Tribune representative will be glad to go over all the facts with you.

Chicago Tribune
THE WORLD'S GREATEST NEWSPAPER



★ IN 1933, the upstairs departments of Loop (downtown) department stores showed their preference for the Tribune by giving it 1,281,602 *more* lines of advertising than they gave to any other Chicago newspaper.

REO GIVES YOU MORE TRUCK PER DOLLAR

With These 15 Superiorities Reo Challenges the Field for Low Cost Truck Performance

- | | |
|---|---|
| 1-Highest Quality at Low Prices | 8-2 Speed Gasoline-Saving Axle Unit |
| 2-Sturdy Frame | 9-Hydraulic Brakes |
| 3-6 cyl. Gold Crown Engine—maximum torque at usable road speeds, instead of unusable horsepower available only at impractical road speeds | 10-Large Brake Area |
| 4-Counterweighted Crankshaft | 11-Long Springs |
| 5-7 Main Bearings—Large Area | 12-Cam and Lever Steering |
| 6-Full Pressure Lubrication | 13-Unusual Payload Capacity |
| 7-Full Floating, Steel Housing Axle | 14-Exceptional Loading Space, Properly Balanced |
| | 15-Advanced Selling Methods, Based on Ability Rating and Slide Rule |



Illustrated—the 1½-2½ ton
Reo Speedwagon

THE QUALITY TRUCK IN THE LOW PRICE FIELD

\$595

1½-2½ TON CHASSIS
F. O. B. LANSING, PLUS TAX
DUAL WHEELS EXTRA

REO has been in business long enough to know that a truck should be a truck—not a mere assembly of passenger car parts.

Check the present line of Reo Trucks and Speedwagons against anything in the market. You'll find Reo uses *Gold Crown Engines*—Engines that deliver *real truck performance*. You'll find truck frames, truck axles, truck transmissions, truck tires, truck brakes.

Trucks all the way through—built of materials carefully selected for better wear and longer life.

Trucks that are rated for power

in terms of *torque* at usable highway speeds—instead of unusable horsepower available only at impractical road speeds.

New low prices are now in effect—and Reo today actually gives you even more truck per dollar than ever before!

Never have Reo Trucks and Speedwagons been so perfectly balanced for exceptional service in ALL phases of hauling. There are not simply one or two outstanding features in a Reo—*fifteen major features* that PROVE its all-round superiority!

Certainly it is unnecessary to pay more than the price of a Reo. And, in the opinion of many a shrewd buyer—unwise to pay less!

Reo Speedwagons and Trucks range from 1½ to 6 tons. Price range—\$595-\$2,595. 34 wheelbases, 6's-8's. Tractor-Trailer units from 15,000 to 32,000 pounds, gross. All prices chassis f. o. b. Lansing, plus tax.

TRUCK BUYERS— ATTENTION!



The new Reo built gasoline-saving two-speed rear axle unit gives you the equivalent of two motor sizes. Greater flexibility and economy for all types of work. Available at only slight extra cost.



The Reo Truck Performance Gauge gives the exact answer as to the truck best suited for your job. Before buying a truck, ask a Reo salesman to use this Gauge in determining your particular requirements.



WRITE today for illustrated booklet of comparative specifications and details of the 15 reasons why Reo challenges the field for low cost truck performance.

REO MOTOR CAR COMPANY

**LANSING,
MICHIGAN**





TRUCKING IS ONE OF THE NATION'S GREAT INDUSTRIES

EVERY town and city in the United States has responsible firms engaged in the business of Trucking and Hauling. With their fleets and drivers available for any kind of hauling—by the job, the day, week, month or year—they perform a vital public service.

What these men think about International Trucks and Service should interest all buyers and operators of motor trucks, for trucking contractors are seeking one end—the lowest cost per ton-mile. Hauling is all they have to sell—and their profits go up only as their costs go down.

Without the confidence of this great trucking industry International Harvester could not have become an outstanding truck manufacturer. Go where you please—in small or large cities—and you will find Internationals hauling their large share of the Trucking Industry's own loads.

Close figuring men who make a business of trucking know trucks as the stove man knows stoves—as the shoe man knows shoes. All makes of trucks are

known to them in terms of black or red ink. They can go back in their books for many years and show you which makes of trucks pay an operating profit—and which trucks do not. That is why they standardize so largely on Internationals. They don't guess. *They know!*

International's after-sale service is a most important consideration to the trucking industry. Standard International parts and standard International Service in 201 cities—the largest company-owned truck service organization in the world—play a vital part in the brilliant performance of International Trucks—in any business.

Whatever your business may be, do not buy any truck of any size or for any purpose until you know all that International offers you. Visit the International Branch or Dealer near you. Ask for demonstration. Sizes range from $\frac{1}{2}$ -ton to $7\frac{1}{2}$ -ton. Chassis prices from \$360 up, f.o.b. factory.

INTERNATIONAL HARVESTER COMPANY
606 S. Michigan Ave. OF AMERICA (INCORPORATED) Chicago, Illinois

INTERNATIONAL TRUCKS